



# ***Daily Report***

# **China**

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6 August 1993

# Daily Report

## China

FBIS-CHI-93-150

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6 August 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Olympic Bid Official on Beijing's 'Rudeness'

HK0608013693 Hong Kong *SOUTH CHINA MORNING POST* in English 6 Aug 93 p 9

[Article by John Kohut in Beijing]

[Text] Beijing's chances of hosting the 2000 Olympic Games could be severely hampered by the rudeness and incivility of its citizens, the head of the city's bid committee has admitted.

China's bid had laid great emphasis on the country's ancient and cultured civilization, but Wan Siquan conceded there was little civilization in evidence on the streets of modern Beijing.

"Conditions are very bad at the moment," Mr Wan said in an exclusive interview with the South China Morning Post. "People are uncouth and very easily get into fights. It seems people nowadays are just concerned with making money and don't care about anything else. We are doing everything we can to improve the city's spiritual civilization and we very much hope the situation will get better."

Mr Wan, 54, who is also the city's assistant mayor, blamed the decline on both the Cultural Revolution of 1966 to 1976 and more recently the influx of migrants from eastern Europe, Russia and the former Soviet republics. During the Cultural Revolution, Mr Wan said, traditional Confucian values and codes of conduct were turned upside down. "This 10-year period had a tremendous impact on young people," he said. "Mao Zedong told them it was right to rebel and oppose foreign influences. As a result of this kind of instruction, the Cultural Revolution was perhaps the most xenophobic period of recent Chinese history." This kind of xenophobia could still be found in the so-called "lost generation", now in their 40s, and their children, he said. Mr Wan's views are shared by many elderly Beijing residents who say the fact that people do not queue for buses and trains anymore is a direct result of having Red Guards swarming all over the public transport system during the Cultural Revolution.

The influx of Russian and eastern European migrants to Beijing and other major Chinese cities over the past three years had also brought a tremendous change in attitudes towards foreigners, Mr Wan said.

During the 1980s most foreign residents in Beijing tended either to be diplomats, advisers, teachers or professionals and, as such, were treated as honoured guests. The newly arrived Russians, however, have no professional qualifications and are concerned with trading and doing business. Beijing residents therefore tended to look down on the new foreign migrants or at least saw no reason why they should be polite to them, Mr Wan said. "This impoliteness towards the Russians has unfortunately now been extended to foreigners as a whole," he said.

If Beijing was to effectively stage the Olympics, Mr Wan said it was essential the city and the country as a whole reverted to China's traditional values of hospitality and

courtesy. It was also important, he said, to improve standards of English and French, the two Olympic languages in the run up to the Games. Emphasis would be placed on language training at an early age, as young as three or four years old, while intensive learning programmes would be set up at Beijing's major universities for games officials and people in the media.

But Mr Wan was quick to point out that at the 1992 Barcelona Games which he attended not everyone spoke English. "If you talked to a taxi driver they would not understand English or French, many didn't even speaking Spanish, only Catalanian," he said.

### Samaranch Olympic Sports Stamps Book Published

OW0508155593 Beijing *XINHUA* in English 1533 GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—A brochure of Olympic sports stamps collected by Juan Antonio Samaranch, president of the International Olympic Committee (IOC), has been published in China.

A special ceremony was held here on Thursday [5 August] for the publication of the book. The book on the IOC chief's collection of stamps issued by the hosting countries of Summer Olympic Games was published by the Ministry of Posts and Telecommunications.

On behalf of Mr. Samaranch, He Zhenliang, president of the Chinese Olympic Committee, received books sent to members of the Olympic family by Wu Jichuan, the Chinese minister.

Mr. Samaranch wrote a prologue for the book.

He Zhenliang said that the publication helps the Chinese people understand the Olympic spirit even better and will promote Beijing's bid for the 2000 Olympic Games.

### Cooperation on Tumen River Project 'Accelerating'

OW0608080193 Beijing *XINHUA* in English 0737 GMT 6 Aug 93

[Text] Changchun, August 6 (XINHUA)—Countries involved in the gigantic Tumen River Development Project have been accelerating preparations for the launching of the project, a Chinese official recently said.

The Tumen River, which flows into the Japanese sea via China, Russia and the Democratic People's Republic of Korea (DPRK), is located in the center of Northeast Asia. Speedy development of the river area will have a greatly positive effect on the economy of Northeast Asia as a whole, the official said.

For the past few years, Northeast Asian countries and the United Nations have explored the possibility of implementing a century-striding project to develop the area.

In April of this year, sponsored by the UN Development Program, the countries of China, Russia, Mongolia, the

DPRK and the Republic of Korea (ROK) met in Pyongyang, capital of the DPRK, to discuss the project.

At the meeting, the participants reached two agreements in principle on the establishment of a coordinating committee and an international development company. China, Russia and the DPRK have consented to lease land in the area.

Representatives of the five countries involved and the UN are due to meet again in Russia next month to take another step forward in the implementation of the huge project.

The official, who declined to be identified, said that a group of Chinese experts are now busy mapping out regulations on the coordinating committee. Meanwhile, the three countries along the Tumen have been expanding infrastructure in the area.

The construction of a railway linking Tumen city in China and a Russian city in the area began in April and is expected to be completed by next June.

Japan, which will benefit from the rail line, has invested 50 million U.S. dollars to help build the Russian section of the line.

The official said the provincial government of Jilin, which controls the Chinese section of the Tumen area, plans to discuss the issue of shipping goods via the Chongjin harbor in the DPRK.

Hunchun city, in Jilin, has been designated by the central government an open border city, and more than one billion yuan (about 180 million U.S. dollars) has been invested in infrastructural projects, which include an expansion of the Yanji airport to enable it to handle large passenger aircraft.

While Russia plans to open several port cities and free trade zones in its Far Eastern region, the DPRK has set up two free trade zones and outlined a series of preferential policies to attract and protect foreign investment.

The ROK plans to invest 25 billion U.S. dollars to take part in the Northeast Asia development program. Meanwhile, it also plans to set up a research institute and a bank for the project.

Mongolia plans to complete a railway to connect the inland country with the Tumen area.

## United States & Canada

### U.S. House Passes Clinton's Deficit-Reduction Bill

OW0608044393 Beijing XINHUA in English 0424 GMT 6 Aug 93

[Text] Washington, August 5 (XINHUA)—The U.S. House of Representatives narrowly approved Thursday [5 August] night the core of President Bill Clinton's deficit-reduction bill.

The vote, 218 to 216, was solidly along party lines: 217 Democrats and one independent voted for the measure while only 41 Democrats joined the 175 Republicans in opposition.

The version of Clinton's controversial plan now presented before the Congress is a compromise between the previous House and Senate versions.

The bill claims to cut the deficit by 496 billion U.S. dollars over the next five years with 241 billion dollars in new taxes and 255 billion dollars in spending restraints.

The bill now goes to the Senate where it appears increasingly likely that Vice President Al Gore will have to cast a tie-breaking vote to pass it.

## Central Eurasia

### Kazakhstan's Nazarbayev Urges Closer Cooperation

OW0508125593 Beijing XINHUA in English 1226 GMT 5 Aug 93

[Text] Almaty, August 5 (XINHUA)—Kazakh President Nursultan Nazarbayev called for strengthened cooperation with China today, particularly in the fields of railway, highway and air transportation.

During talks here today with Tomur Dawamat, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), Nazarbayev said that enhanced transportation cooperation with China would enable Kazakhstan to export products, via China, to Southeast Asia and the Pacific region.

Nazarbayev said that he would visit China later this year to study China's market economy, especially the establishment of its special economic zones.

Earlier today, Dawamat held talks with Kazakh Parliament Speaker Serikbolsyn Abdildin, and both expressed the hope of promoting parliamentary cooperation.

Dawamat and his NPC delegation earlier visited Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. This is the last leg of their tour.

### Moldovan Parliament Fails To Ratify CIS Pact

OW0608035393 Beijing XINHUA in English 0325 GMT 6 Aug 93

[Text] Bucharest, August 5 (XINHUA)—The Moldovan parliament at a special session yesterday failed to ratify an agreement for the country to join the Commonwealth of Independent States.

The vote on the agreement, signed by President Mircea Snegur, fell four short of the 166 required for ratification.

Only 188 of the 267 deputies voted in the secret ballot, 91 having previously said they would not take part.

## Southeast Asia & Pacific

### Hu Jintao Receives Vietnamese Delegation

OW0608094793 Beijing XINHUA in English 0923 GMT 6 Aug 93

[Text] Beijing, August 6 (XINHUA)—Hu Jintao, a Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, discussed Sino-Vietnamese ties with a visiting Vietnamese senior party cadres delegation here today.

Praising the traditional Sino-Vietnamese friendship, Hu noted that the two countries and the two parties have witnessed a steady restoration and development of their bilateral ties in the political, economic, scientific and cultural fields in recent years.

He expressed the conviction that the visit of the Vietnamese delegation will contribute to deepening mutual understanding and promoting friendly ties between the two sides.

Nguyen Duc Binh, leader of the delegation and member of the Political Bureau of the Vietnamese Communist Party Central Committee, also spoke of the smooth growth of the party-to-party and country-to-country ties since the normalization of Sino-Vietnamese relations.

He hoped for further consolidation and development of such ties.

Since their arrival in Beijing on Monday [2 August], the Vietnamese visitors have held talks with Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, and Xu Weicheng, deputy head of the Propaganda Department of the CPC Central Committee.

They are scheduled to tour Dalian, Xiamen and Guangzhou.

### XINHUA Cites Cambodian Radio Poll on Foreign Aid

OW0608061593 Beijing XINHUA in English 0601 GMT 6 Aug 93

[Text] Phnom Penh, August 6 (XINHUA)—A radio station owned by Cambodia's FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, which won the May general election, said today that most Cambodians would rather have peace than foreign aid with strings attached.

An opinion poll conducted in Siem Reap Province shows that ordinary people want the Provisional National Government to adopt emergency measures toward national reconciliation and unity, and that the Khmer Rouge should be included in the process, radio FUNCINPEC said in a broadcast.

The broadcast was based on a report filed by its correspondent from the city of Siem Reap, capital of the northwest province, the scene of frequent fierce fighting among different factions.

The report said people in the province would rather see an interim government, set up five weeks ago, lay aside external aid-seeking projects in favor of national reconciliation.

The broadcast quoted Phan Sokar, a local taxi driver as saying that he and his wife—like most people in the city—do not want foreign aid if it does not help end the bloody war and instead prolongs disunity in the country.

He said a priority for the provisional government should be to restore peace in the war-torn country rather than to seek foreign aid.

The U.S. and France have said they would refuse to give any aid to the new government if the Khmer Rouge (the Democratic Kampuchea Party) plays a role in it.

The FUNCINPEC party, led by Prince Norodom Ranariddh, won a UN-brokered election. Then it formed a provisional government along with the Cambodian People's Party whose vice president Hun Sen had been prime minister of the Phnom Penh regime. The Khmer Rouge refused to take part in the election.

Cambodians are interested in the provisional government adopting emergency measures to unite—party politics aside—the whole Khmer nation for the benefit of real peace and national reconciliation, the poll suggested.

## Near East & South Asia

### Cooperation With Pakistan 'Based on Mutual Trust'

OW0508211693 Beijing XINHUA in English 1603 GMT 5 Aug 93

[Text] Islamabad, August 5 (XINHUA)—Pak [Pakistan]-China cooperation is based on mutual trust and such cooperation is not only in the interest of the two countries but also in the interest of regional stability.

This was said by Acting Pakistan President Wasim Sajjad here today while meeting with a Chinese nuclear power delegation led by Jiang Xinxiang, president of the China National Nuclear Corporation.

Wasim Sajjad expressed the hope that after the China-supplied 300 megawatt Chashma Nuclear Plant is completed, the power-supply situation will improve in Pakistan, a country with limited energy resources and suffering from power shortage.

During the meeting, Jiang briefed President Sajjad of the progress of the Chashma project and expressed his satisfaction with the mutual cooperation between Pakistan and China on the project.

He said China will fulfill its obligations to complete the project according to the agreements signed by the two countries.

Earlier on Wednesday [4 August], Pakistan caretaker Prime Minister Moin Qureshi also met with the Chinese nuclear power delegation who is currently visiting Pakistan to attend the first concrete pouring ceremony of the Chashma Nuclear Plant located some 280 kilometers southwest of Islamabad.

Moin Qureshi said Pakistan is developing nuclear power only for peaceful purpose and completely under the safeguards of the international nuclear energy agency.

Pakistan and China signed a contract on December 31, 1991 for construction of the 300 megawatt pressurized water-type reactor power plant at Chashma.

The project is expected to be finished in March 1999.

Political & Social

**Further Reportage on Shenzhen Explosion, Aftermath**

*OW0508144793 Beijing XINHUA in English 1439 GMT 5 Aug 93*

[Text] Shenzhen, August 5 (XINHUA)—An explosion erupted at a warehouse for Anmao Dangerous Goods Shipping and Storage Company at Qingshuihe Warehouse Zone in Shenzhen at 1:35 this afternoon.

By 5:30 P.M., eight of the 10 warehouses in the zone had exploded in succession.

According to preliminary figures, more than 100 have been killed or injured. Many of them were fire fighters, policemen and medical workers.

Wang Jiuming and Yang Shuitong, deputy directors of the Shenzhen City Public Security Bureau, were killed when organizing rescue work on the scene.

Leaders of the Guangdong provincial government and Shenzhen city government immediately went to the site to mobilize rescue work, which is continuing.

At press time, dangerous goods had been evacuated from the site. Medical workers were giving first aid to the injured.

**Blast at 'Military Explosives Compound'**

*HK0508141593 Hong Kong Asia Television Limited in English 1200 GMT 5 Aug 93*

[From the "Main News" program]

[Text] It's now believed 70 people have died and more than 200 have been injured in a massive explosion in Shenzhen. The incident happened at 1400 this afternoon in a military explosives compound just north of the city center. The fire is still burning. Morland Sanders has the story:

[Begin recording] [Sanders] The southern Chinese city of Shenzhen is still burning tonight, after it was hit by a series of massive explosions. At 1330 this afternoon, a People's Liberation Army explosive compound suddenly erupted in flames, injuring a number of people, but as emergency services arrived to survey the damage, a much more powerful blast occurred. The second explosion, believed to be a gas tank, left an unconfirmed 70 people dead and more than 200 injured.

[Unidentified man, in Mandarin with English subtitles] There was a huge explosion. The building was shaking as if it were going to collapse. I did not know what had happened. I ran for my life outside and I saw a huge mushroom-like cloud. From the blast, I knew it was not a small explosion. Fifteen minutes later, thick black smoke started billowing.

[Sanders] That second rupture was felt up to 7 km away, with buildings having their windows shattered by the force of the blast. Shenzhen officials say it is quite possible

another explosion could happen and are warning residents to stay indoors. [end recording]

**Guangzhou Radio Carries Report**

*HK0608075793 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 6 Aug 93*

[Text] At 1325 [0525 GMT] yesterday afternoon, a strong blast broke out in a warehouse in the Anmao Dangerous Goods Supply Company, which is located in the warehouse area in Qingshuihe, Shenzhen. When our station reporter drove to the scene, he instantly saw thick smoke billowing; glass from nearby factories shattered to pieces; and a large number of public security personnel, Army officers and men, and armed police arriving at the scene to maintain order and evacuate the masses nearby. Firemen used high-pressure hoses to extinguish the fire and ambulances from various hospitals successively rushed to the scene to rescue the wounded. In this period, seven small explosions successively occurred. At 1430, another large blast occurred.

The Shenzhen City CPC Committee and Shenzhen City Government called an emergency meeting immediately after the first blast. At the meeting, a general headquarters to deal with the emergency was set up and vigorous arrangements were made to form armed police, public security personnel, and the Army into a rescue operation committee, organize medical personnel to rescue the wounded, evacuate people from the scene, and provide disaster relief. It also urged various departments concerned to spare no effort in dealing with the emergency. Casualties and other damage caused by the blast are still being verified.

After the accident, many units and companies in the city took the initiative to pool medicines and materials to deal with the emergency.

According to the latest accurate casualty figures provided by concerned departments, seven people are dead, 55 people are seriously injured, and 137 others are being treated in the hospital. Many of them are firemen, public security personnel, and medical personnel who took part in the rescue operation at the scene.

It was learned that Wang Jiuming and Yang Shuitong, deputy directors of the Shenzhen City Public Security Bureau, died heroically in the course of directing rescue operations at the scene. The armed police, public security authorities, fire department, and hospitals have organized their personnel to go all out to extinguish the fire and rescue the people.

The fire at the scene of explosion was extinguished at around 0500 [2100 GMT] this morning. [passage omitted]

It is learned that at present, social order in Shenzhen City is stable, cadres and the masses are in a calm and unruffled mood, the transportation situation is basically normal, shops are doing business as usual, and the city is quiet.

According to our station's latest information, State Council Vice Premier Zou Jiahua and his party have arrived in Shenzhen this morning to direct work dealing

with the emergency and to provide disaster relief and handle the aftermath of the accident. Provincial party Secretary Xie Fei has telephoned frequently from overseas in order to understand the situation and give instructions.

### Provincial Leaders Inspect Site

HK0608030093 Hong Kong WEN WEI PO in Chinese 6 Aug 93 p 2

[Dispatch from Shenzhen by "News Team": "Guangdong Senior Officials Rushed to Shenzhen, and a Unified Command Center Has Been Established"]

[Text] Shenzhen, 5 Aug (WEN WEI PO)—When interviewed by journalists here at 2200 [1400 GMT] this evening, Huang Xinhua, the press spokesman of the Shenzhen City Government, disclosed that after the exceptionally powerful explosion occurred, the Shenzhen City Government promptly reported it to the Guangdong provincial authorities and the State Council, and that the State Council and Guangdong Province leadership is paying close attention to the situation.

After the explosion, Huang Huahua, deputy secretary of the provincial party committee, and Zhang Gaoli, vice governor and a member of the provincial party committee standing committee, led 33 people in charge of the various relevant provincial-level departments and hurriedly arrived in Shenzhen at 2100 [1300 GMT] without having dinner. [sentence as published] They immediately called an emergency meeting, promptly formed a unified provincial and city command post headed by leading cadres including Huang Huahua, Zhang Gaoli, Wang Zhongfu, Lin Zuji, and others, and deployed forces from neighboring areas and relevant departments to extinguish the fires and provide disaster relief with concerted efforts. Afterwards, they rushed to the explosion site to inspect the disaster situation.

### 'Special Squad' To Probe Cause

HK0608121593 Hong Kong AFP in English 1129 GMT 6 Aug 93

[Report by Bradley Lee]

[Text] Shenzhen, China, Aug 6 (AFP)—China set up a special squad Friday to probe the cause of the massive explosion Thursday that rocked the flagship city of its liberal economic programme, and issued health warnings to alarmed residents.

As the toll in the special economic zone of Shenzhen continued to vary widely, Chinese Vice Premier Zou Jiahua flew in from Beijing to assess the destruction and the provincial government in Guangzhou and Shenzhen's Government set up two disaster teams, officials said.

One team will check why explosive materials had been stored in the warehouse district in northern Shenzhen, close to a depot for domestic propane gas and also a storage site for hydrogen gas, Shenzhen spokesman Huang Xinhua said.

The other will supervise the cleanup and make provisions for the victims, he said.

Firefighters, troops, and police joined Friday in quenching the final embers of a fire triggered by an immense double blast that was so strong that residents in nearby Hong Kong feared an earthquake had occurred.

According to the latest official tally, eight people were confirmed dead, although the figure could rise as the search of ruins covering 20,000 square metres (200,000 square feet) got underway. Hospitals admitted 140 injured, some seriously ill.

But the semi-official Hong Kong China News Service and Shenzhen television said at least 70 were killed and residents told reporters they had seen between 30 and 40 bodies hauled from the wreckage.

Shenzhen authorities issued televised warnings, telling city inhabitants and farmers not to drink water from local wells and to wash and cook their fruit and vegetables thoroughly, while tests were carried out.

The explosion sent a gigantic mushroom cloud of gas and dust into the sky, triggering fears of toxic contamination.

Hong Kong, which depends on the region for its drinking water, said no change had been detected in water quality, but it strengthened border controls on imported vegetables, especially from Shenzhen, which supplies 10 percent of its needs.

The catastrophe hit the model city in Beijing's economic liberalisation policy, a programme viewed by some critics as unleashing a freewheeling rush for economic growth that has often ignored safety standards.

A government source, reached by telephone from Hong Kong, said top officials in Beijing were alarmed of "international embarrassment" for China.

"They fear such a serious accident could surely raise questions (from foreign investors) on how the country is coping with its safety measures," he said.

There were fears the blast could even effect Beijing's bid to host the 2000 Olympics, which will be decided by the International Olympic Committee (IOC) on September 23, he suggested.

Officials and the local press said the first explosion, in an open storage area, involved the ignition of ammonium nitrate, a compound usable in fertilisers and explosives.

It set off a chain reaction among half a dozen nearby warehouses, as well as a huge second explosion at a depot for bottled household gas.

Firefighters were summoned from Guangzhou, Qingyuan, Jiangmen, Zhongshan and Zhuhai at the border with Portuguese enclave of Macao, a drive of nearly three hours, sources in the region said.

Hong Kong flew three top fire officials to the area in response to a request for help, but they found they could not be of any immediate assistance.

Colony officials expressed concern that the Chinese authorities had failed to give any timely details about the disaster, including the type of chemicals that had exploded.

### Jiang Conveys Sympathy Via Telephone

OW0608150393 Beijing XINHUA in English 1413 GMT 6 Aug 93

[Text] Shenzhen, August 6 (XINHUA)—Thousands of policemen, soldiers and civilian firefighters battled a huge blaze for 16 hours in the Qingshuihe warehouse zone in Shenzhen city, Guangdong Province, finally stamping it out by dawn today.

A Shenzhen municipal government spokesman said that eight people were killed, 58 were seriously injured and 110 were slightly injured in the blast, with one man still in critical condition.

The spokesman said that Wang Jiuming and Yang Shuitong, deputy directors of the Shenzhen Municipal Bureau of Public Security, died while directing rescue work, and several reporters were also injured on the scene.

The Central Committee of the Communist Party of China (CPC) and the State Council were very concerned with the fire. On the evening of August 5, General Secretary Jiang Zemin conveyed via telephone his sympathy to the injured and families of those who died at the blast.

The initial explosion erupted at a warehouse for Anmao Dangerous Goods Shipping and Storage Company in the Qingshuihe warehouse zone in Shenzhen at 1:25 P.M. on August 5. Then eight of the 10 warehouses in the zone exploded in succession.

The shock waves resulting from the blasts damaged warehouses, department stores and residential buildings nearby.

Leaders of the Guangdong Provincial Government and Shenzhen city government immediately went to the site to mobilize rescue work after the fire burst out.

More than 4,000 policemen and armymen participated in the rescue.

Plasma was shipped to Shenzhen from Guangzhou and other locations. Many policemen went to hospitals to donate blood.

About 200 villagers were evacuated to a safe area.

The cause of the blasts is under investigation.

### Zou Jiahua Arrives To Inspect Site

OW0608152693 Beijing XINHUA in English 1508 GMT 6 Aug 93

[Text] Shenzhen, August 6 (XINHUA)—Chinese Vice Premier and member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee Zou Jiahua arrived here by special plane today to inspect an explosion which erupted at local warehouses for dangerous goods yesterday afternoon [5 August].

The warehouses, which belong to Anmao Dangerous Goods Shipping and Storage Company, are located in the Qingshuihe warehouse zone in Shenzhen.

Accompanied by a group of ranking officials from several ministries and local officials from the Guangdong Provincial and Shenzhen City Governments, Zou braved heavy smoke and small fires to go deep into the site and carefully inspected the disaster, while giving out concrete instructions for relief work.

The vice premier paid visits on behalf of the CPC Central Committee and the State Council to the firefighters, policemen and soldiers who are still working on the front lines in the relief effort.

He also went to hospitals to see those injured in the explosion and expressed condolences to relatives of those who lost their lives in the disaster.

After hearing reports from local officials, the vice premier urged policemen and armymen to try hard to prevent the spread of pollutants from the blaze.

He also called for organizing a joint team to investigate into reasons for the blasts.

### Ren Jianxin Urges Action Against Illegal Emigration

OW0608141193 Beijing XINHUA Domestic Service in Chinese 1043 GMT 6 Aug 93

[By RENMIN RIBAO reporter Su Ning (5687 1337) and XINHUA reporter Ren Weidong (0117 5898 2639) ]

[Text] Beijing, 6 Aug (XINHUA)—Ren Jianxin, member of the Secretariat of the CPC Central Committee and secretary of the Central Political and Legal Commission, today attended a discussion meeting in Beijing on the fight against stowaways. He pointed out: Under the complicated international background of and instigation by and agitation of criminals within and outside the country, the activities of illegal entry and exit are quite serious in our country, especially in the coastal regions. In order to safeguard reform, opening up, and the economic development of our country, to consolidate and increase our country's international prestige, and to protect and develop the achievements of socialist construction, we must be determined and promptly and fundamentally stop such activities.

Ren Jianxin emphatically said: In order to truly stop the trend of stowing away, the key is to raise our understanding and strengthen leadership over work. Party and government leaders in key coastal areas should understand the importance of the work and must stop the trend of stowing away within a certain period of time. Each level should supervise the work of its immediate lower level, and each level should guarantee the success of the work. It is necessary to have a clear system of supervision and effective measures for stopping such activities. Leading cadres who do not effectively tackle this work will be held responsible for their poor leadership.

Ren Jianxin called on various concerned departments to coordinate in this work. He asked them to effectively unify their understanding, arrangement, plan and action, to strengthen administration, and to stop various kinds of loopholes. He said: Public security organizations in various localities should strengthen the control of nonofficial exits by people and strictly examine and issue passports in accordance with the law. Border areas and ports should seriously check various kinds of entry and exit permits and documents. Foreign affairs, economic and trade, tourist, and labor departments should seriously examine and approve applications for exit permits by groups and teams. We should firmly stop illegal emigration activities by utilizing official channels. Departments and units which violate regulations and abuse their power in approving exit permits should have their power to approve exit permits be temporarily or permanently revoked. Units which take part in or encourage stowing-away activities will have their operational licences revoked upon the discovery of such activities. People involved in such activities will be investigated for their criminal responsibility.

Ren Jianxin emphatically pointed out: We should lay stress on cracking down on major stowing-away cases and strictly deal with the organizers of such activities. As for those "ringleaders," we should punish them severely in accordance with the law. Some of them should be punished heavily for all of their crimes, and the punishment may include the death sentence. Various provinces, autonomous regions, and municipalities should, in light of their actual local conditions, further study and implement various measures for stopping such activities, give full play to the role of the concerned departments, strengthen coordination, and join their efforts in the struggle against stowing away.

Ren Jianxin pointed out: In the work of stopping stowaways, we must resolutely and seriously investigate and handle cases of violating laws and discipline by state functionaries and law enforcement personnel who take part in such activities. As for those who engage in, encourage, and protect lawbreakers, those who commit the crime of dereliction of duty, and those who take bribes and illegally release stowaways, we must investigate them thoroughly, and promptly and seriously handle those cases, and investigate their criminal responsibility no matter who they are.

Responsible comrades of Fujian and 11 other provinces, autonomous regions, and municipalities, as well as concerned departments of the central authorities, attended today's meeting. Chen Guangyi, secretary of the Fujian provincial party committee; Zhu Senlin, governor of Guangdong; Li Zemin, secretary of the Zhejiang Provincial Party Committee; and Tao Siju, minister of public security, successively made speeches at the meeting.

**Communiqué Details Lhasa Protests in May, Jun**  
HK0608072693 Hong Kong AFP in English 0716 GMT 6 Aug 93

[Text] Beijing, Aug 6 (AFP)—Two Tibetans, one of them a child, were killed and more than 210 were arrested in

anti-Chinese demonstrations in Tibet during May and June, exiled leaders said in a communique received here Friday.

A 12-year-old boy and a 60-year-old man were killed by Chinese police and 88 persons were wounded in protests in the capital Lhasa on May 24, according to the communique issued by followers of the Dalai Lama, Tibet's exiled spiritual leader.

Between May 24 and the end of June, anti-Chinese demonstrations in Lhasa and elsewhere, many of them led by monks and supported by peasants, resulted in at least 210 arrests, the communique, which was dated Thursday, said.

About 4,000 Tibetans took part in the May 24 demonstration at the Chinese presence in Tibet and rising prices. Several hundred occupied the city centre the next day.

The Chinese authorities denounced the illegal demonstrations and said foreigners had been found among the demonstrators. No official statement on the arrests has been made.

Beijing claims sovereignty over Tibet, which it maintains has been a part of China since the 13th century. An anti-Chinese uprising was violently crushed in 1959, forcing the Dalai Lama to flee to India. Demonstrations, led mainly by the Buddhist clergy, have intensified since 1987, leading to a new wave of repression, according to human rights groups.

#### Dissident Reportedly Refused Travel Permission

HK0608020293 Hong Kong SOUTH CHINA MORNING POST in English 6 Aug 93 p 9

[Article by John Kohut in Beijing]

[Text] Yu Haocheng, one of a dozen intellectuals who called on the Government to declare the 1989 student movement a "patriotic democracy movement", is being denied permission to travel abroad. Mr Yu said the authorities telephoned him in mid-July to tell him his application to leave the country would not be considered "temporarily".

It was the first formal response he had received to more than half a dozen letters sent to his former work unit, the Public Security Ministry, asking for permission to leave the country. Mr Yu, who wants to take up an invitation from Columbia University in the United States to spend time there as a visiting scholar in the law faculty, said the authorities did not say when they might consider his application. Though the officials did not say why they were delaying doing so, Mr Yu believes it is because of his past affiliation with the Public Security Ministry.

He was director of a ministry-run publishing house until 1986, when he was fired during the anti-bourgeois liberalisation campaign. "Everything I did was out in the open. My job never involved any secret issues," Mr Yu said.

He was arrested after the June 1989 Beijing massacre and held, under round-the-clock guard, at a school run by the paramilitary People's Armed Police for the next 18

months. He was released with no charges being laid. After being arrested, Mr Yu lost all his positions, including membership of the Chinese Political Science Association and a senior post in the Chinese Association for Legal Science. Mr Yu was also forced to move out of accommodation in a security ministry compound, from which he is barred from entering.

"If you have any differences of opinion (with the Government), they can use all sorts of methods," he said.

Along with dissident Yan Jiaqi, Mr Yu contributed to a volume on law in an encyclopaedia published recently. But because he is under a political cloud, his name has been left out of the credits. In addition to wanting to go to Columbia, Mr Yu hopes to visit his daughter, who lives in Illinois.

#### **Books Reportedly Banned for 'Sensitive Contents'**

HK0608020093 Hong Kong *THE STANDARD* in English  
6 Aug 93 p 6

[Article by Agnes Cheung]

[Text] Two new books revealing party-classified information and touching on the country's diplomatic relations have been banned by the Chinese authorities due to their sensitive contents.

The Press and Publication Administration recently announced the ban of *The Red Terror of Iron Fist* and *The Inside Story of the Independence of Mongolia*. Both books had been released by the People's China Publishing House.

*The Red Terror of Iron Fist*, written by Wang Jianhua and released in May, highlights the killing of traitors of the Communist Party of China ordered by Zhou Enlai in the early 1920s. The book claims that Zhou had all the relatives of Politburo alternate member Gu Shunzhang killed after Gu allegedly revealed Communist Party secrets to the Kuomintang when they arrested him in Wuhan.

*The Inside Story of the Independence of Mongolia* argues that from a historical point of view Mongolia should be part of China's territory. It is believed that the information disclosed in the books is still party classified, and the authorities do not want it to be publicized at present.

The People's China Publishing House, a subordinate unit of the Foreign Languages Publishing and Distribution Administration, has published other kinds of books in the past and sold Japanese journals in order to compete in the current aggressive marketplace.

It is also one of the seven publishing houses recently fined by the authorities for issuing pornographic publications. Chinese sources in the publishing industry said each of the seven publishing houses had been fined between 150,000 yuan (HK\$195,000) and 170,000 yuan. The other units fined included Beijing Normal University Press, China Tourism Publishing House, Peasants Reading Publishing House, and Xueyuan Publishing House—which operates under the Jue San Society, one of China's democratic parties.

Despite the leadership's push for a market economy and the subsequent reduction in social control, with many books banned and publishing houses fined severely for releasing politically sensitive and pornographic material, China's control over its publishing remains tight.

#### **Jiang Warns on Writing Army, Party History**

HK0608112593 Hong Kong *CHENG MING* in Chinese No 190, 1 Aug 93 pp 21-23

[Article by Shu Su (5289 1835): "Jiang Zemin Alleges Army History and Party History is 'Stepping Out of Line'"]

[Text] **Jiang Zemin Stresses Two Points**

According to a friend of the author who works in the CPC Central Party School, a recent restricted [nei bu 0355 6752] CPC Central Committee document specially conveyed Jiang Zemin's views on the problems cropping up in the creation of army and party history. In the restricted talks by Jiang Zemin this May with the person in charge of the General Political Department of the People's Liberation Army [PLA] and the restricted talks he delivered earlier this year to persons in charge of departments, such as the CPC Central Party History Research Center, he stressed that works on Army history and party history and biographical works on historical party figures should not: 1) undermine the might of the "People's Army"; and 2) damage the "overall image" of the Communist Party. What is particularly ridiculous is that if works depicting historical party figures who had been negated by the CPC regime, such as Lin Biao and Jiang Qing, had contents suspected of being harmful to the "overall image" of the Communist Party, Jiang Zemin would put them on the list of banned works.

#### **Works of Army History Contain Elements Injurious to the Might of the Military**

The document quoted Jiang Zemin's talks with the person in charge of the PLA General Political Department in May this year as saying: Army history creation has now reached a stage of unprecedented prosperity. This must be said to be a good thing. Nevertheless, the works on army history which have been created and published in turn during the last one or two years have some unhealthy, and even politically problematic, contents. Those with unhealthy contents have, at least, made a very bad impression by vilifying the People's Army in society and in the international community, thus playing a direct role in undermining the might of the People's Army. Those works with serious political problems, which echo the ideological trend favoring bourgeois liberalization at a distance, are completely divorced from the party's "four cardinal principles."

#### **Exposing Homosexuality Among Army Personnel Is Strictly Prohibited**

In talking about army history works containing "unhealthy elements" and while criticizing by name the "Elegy to Military Camps," which was published recently, Jiang

Zemin disclosed that after a local publishing house had already decided to publish a lengthy reportage work which depicted the CPC military life, the provincial party committee promptly discovered that the work dealt with the issue of homosexuality in the military and banned its publication, ordering the publishing house to destroy the already typeset zinc plates.

#### **Jiang Zemin Criticizes the Movie "Decisive Engagement" Without Mentioning It By Name**

When discussing those Army history works whose contents had "serious political problems," although he did not directly mention the name of the work, an analysis of the context of his talks showed that he seemed to be criticizing the movie "Decisive Engagement," which was fully affirmed by Yang Shangkun and Yang Baibing.

In his talks he stressed: If the artistic or political effect of a panoramic movie on army history, which used tens of millions of yuan in funds and deployed hundreds of thousands of military personnel for shooting purposes, and in particular its political effect, is bad, the movie will make a very bad impression at home and abroad. The masses of people will shout abuse at it and the proletarian revolutionaries of the older generation will be all the more dissatisfied with it.

My friend in the Central Party School said analytically: Of the so-called "panoramic" great movies taking Army history as the theme, only the "Decisive Engagement" used tens of millions of yuan to finish shooting and production. Apparently, what Jiang Zemin was referring to was the "Decisive Engagement." Moreover, it was precisely under the Yang brothers' profound concern and bold encouragement that the movie was completed. In the process of shooting and producing the movie, the Yang brothers exhorted members of the play-writing unit to "smash restrictions and fetters" and "respect historical facts." Hence, members of the play-writing and production units boldly highlighted Lin Biao's meritorious service during the Liaoxi-Shenyang Campaign in the movie.

#### **Veteran Cadres Do Not Permit Affirmation of Lin Biao's Meritorious Service**

The document said: Today, in the situation of reform and opening up with economic construction as the center, it is only natural that "leftist" things, such as "giving prominence to politics" and "putting politics in command," cannot be practiced any longer. Nevertheless, artistic works reflecting party history and army history must lay particular stress on their political effect and ideological contents. In the last two years, flaunting the banner of "respecting historical facts," some television works with army history as the theme have given prominence to propagating Lin Biao's positive image, thus creating a very bad political impression.

The document also said: Many veteran comrades, in particular those who were cruelly persecuted by Lin Biao and the gang of four during the Great Cultural Revolution, were very indignant at this state of affairs. They wrote letters, made telephone calls, and even accosted comrades

such as Ding Guangen in their homes to explain: "Since when has Lin Biao become a good person again?"

#### **It Is Better To Have a Few Rather Than an Excess of Party History Works**

The document quoted Jiang Zemin's talks in spring this year with the persons in charge of the units, such as the Central Party History Research Center, the CPC Central Archives, and the Central Research Institute of Culture and History. Jiang Zemin said: I have read a statistical account that the number of works on party history and biographical works on the proletarian revolutionaries of the older generation openly published and distributed at home and abroad by the central and local research units in the last three years was more than double that in the previous 40 years since the founding of the PRC. Moreover, the momentum, as it seems today, is still building up steadily. As I see it, this cannot be said to be a bad thing. Nevertheless, if the publication of such works becomes excessive and extreme, they will develop in the opposite direction. If we have to make a choice between "fewer but better" and "more but excessive in the extreme," my attitude is the more careful the better.

#### **There Is a Problem of Divulging Secrets in Party History Works**

Jiang Zemin said: To go along with the readers at home and abroad who seek novelty, and disregarding the party's and government's principles of secrecy, some authors of party history works extensively quote restricted documents of the party Central Committee over the years, in particular documents since the founding of the PRC such as restricted documents from the Great Cultural Revolution and those from the Three Years of Difficulties. The disclosure to the outside world of the contents of the documents in an inappropriate historical period is tantamount to providing so-called "evidence" for some people at home and abroad who are always attempting to negate the history of the CPC leading the construction of the PRC.

He said: There are two ways these people can obtain our party's documents over the years—by interviewing a great number of retired cadres or their family members and by capitalizing on the loopholes in our imperfect secrecy system.

He said: The archives organs of our party and government at all levels have had, more often than not, an erroneous guiding thought and that is: The older a document is the less need to keep it secret. For example, it is not so easy for a certain person who wants to obtain central documents of recent years from our documentary archivists to get the ordinary "secret" ones, let alone the "confidential" ones. I still believe in the high political consciousness and party spirit of most security workers. However, our security workers may not be properly on guard against those who want to have a look at the central documents during the Great Cultural Revolution or those in earlier times.

**Restricted Documents Issued Since the Founding of the PRC Will Continue To Be Kept Secret**

Jiang Zemin said: The responsibility for making public the early central documents which should have not been made known to the public in some party history works lies with neither the local authorities nor the security workers at all levels. It lies with the Central Committee. During the last four years since I have been in charge of the work of the Central Committee, there have been many tasks and countless things for me to perform and to attend to but I still have not yet completed them all. So, there are still many tasks left unfinished in my work. For example, I failed to promptly call comrades of the Political Bureau and comrades in charge of relevant departments together to discuss the question of how to improve the secrecy system for party documents in the new period and, naturally, we did not have any resolution on the issue to transmit to the lower levels. Consequently, there were no regulations and rules for comrades in charge of specific work to go by. In the days to come, the Political Bureau should find time to specially study this question. But before this happens, let us make a stipulation: The restricted central documents which were not made known to the public in the past, in particular, those since the founding of the PRC, should be put within the limitations of secrecy at the country and regimental levels in which they were transmitted in those years. As to whether or not they can be made public now, no matter at what levels of secrecy, instructions should be sought from the party's Central Committee for Secrets Protection. The disclosure to the public of restricted local party committee and government documents should be examined and decided by the committees for secrets protection of the party committees at the same level.

**Veteran Cadres Should Be Taught To Uphold Integrity in Their Later Years**

Jiang Zemin said: The problem of party history works divulging secrets has to do with one or two veteran cadres. When writing and publishing personal memoirs or articles on party history recollections, these veteran cadres quoted, without authorization, the contents of some restricted party documents, minutes of meetings which had not yet produced any documents, and speeches by party leaders in their memoirs and articles, probably for personal reasons such as carelessness or disregard of party principles and discipline, contents which should have not been made known to the public. What I refer to here are a few senior cadres.

He said: With the dissolution of the CPC Central Commission for Discipline Inspection at the 14th CPC National Congress, the Central Political Bureau promptly asked the Central Organization Department to strengthen the leadership of its Veteran Cadres Bureau. In the past, our party has given consideration mainly to caring for the well-being of the retired cadres but it seems now that there is still a question of educating veteran party cadres. They must be taught to maintain their revolutionary integrity in their later years, strictly observe party discipline, and act

in strict accordance with the party's organization principles as they did on their previous posts.

**Invasion of the Privacy of Senior CPC Statesmen Is Prohibited**

Jiang Zemin said: In addition to the problem of divulging secrets, there are four other problems facing the biographical literary works depicting the proletarian revolutionaries of the older generation. They are as follows:

First, deliberately exaggerating and even falsifying the details of the private lives of the proletarian revolutionaries of the older generation. For example, in their biographical literary works, some authors, in their thirties or forties, who were born probably after the PRC founding, vividly described, to our surprise, the details of a romance between Comrade Mao Zedong and Jiang Qing in those years and even the details of their conversations. This falsification is extremely disrespectful.

Second, invading the "privacy" of the proletarian revolutionaries of the older generation in the name of writing about them as "people in our lives." For instance, there are works which painstakingly exaggerate the story of Comrade Mao Zedong living together with Jiang Qing in Yanan and the whole course of Comrade Mao Zedong's several marriages.

**Jiang Zemin Fears the "Overall Image" of the Communist Party Will Be Damaged**

Third, vilifying Chairman Mao, Premier Zhou Enlai, and other proletarian revolutionaries of the older generation, and even our party as a whole, in the name of castigating the careerists who once usurped high posts in the top echelons of our party leadership, such as Lin Biao, Kang Sheng, and Jiang Qing. For example, playing up the discussion of the virginity of Lin Biao's wife at a Political Bureau session during the Great Cultural Revolution, which superficially vilified Lin Biao but, in fact, played a role in vilifying the party as a whole.

Fourth, vilifying the party as a whole in the name of singing the praises of Peng Dehuai and other proletarian revolutionaries of the older generation who were wrongly persecuted. For example, in a biographical article depicting the contradiction between Peng Lao Zong [lao zong, an affectionate form of address to a general or high-ranking PLA commander] and Chairman Mao, to play up Comrade Peng Dehuai's upright and outspoken character, the article stressed Peng's opposition to the establishment of a Zhongnanhai art troupe and specially pointed out that the troupe would pick up young and beautiful girls. Let's think, comrades. What effect will this description have on the overall image of our party?

In the conclusion of each of his two talks, Jiang Zemin stressed the so-called question of "strictly guarding passes" and urged the PLA General Political Department and the CPC Central Party History Research Center to study and come out with specific methods to ensure the serious purpose of army history and party history creation.

**Article Views Deng's Theory on Socialism**

OW0608152093 Shanghai JIEFANG RIBAO in Chinese 21 Jul 93 p 10

[Article by Li Junru (2621 0689 1172): "Deng Xiaoping's Theory on the 'Road for Construction'"]

[Text] The 14th CPC National Congress pointed out: All of the contributions made by the theory of building socialism with Chinese characteristics can be summarized in that "for the first time, it provides relatively systematic and preliminary answers to a series of fundamental questions on how to build, consolidate, and develop socialism in China, an economically and culturally backward country." Many comrades have noticed the use of the words "for the first time" and "systematic" here, which indicates a high evaluation of the theory's position in and contributions to Marxism; while the use of the words "relatively" and "preliminary" shows a sense of propriety and realism. At any rate, we should pay further attention to "how" the theory provides "answers" to questions—how to build, consolidate, and develop socialism—that is, questions on the "road for construction," as we have often said. Therefore, the prominent contribution of Deng Xiaoping's theory is that for the first time, it provides relatively systematic answers to questions on building and developing socialism in China.

**Two Fundamental Theoretical Questions**

After several setbacks in socialist construction, Mao Zedong candidly pointed out on many occasions: "To a great extent, we are still unrealistic as far as socialist construction is concerned. In a socialist economy, there are many realms of necessity that we have not yet recognized." In other words, we had not yet found the correct road for constructing and developing socialism. Mao Zedong's unfinished task became the venture that Deng Xiaoping and the party has explored since the Third Plenary Session of the 11th Central Committee.

Deng Xiaoping's exploration has been realistic and rational. While continually engaging in theoretical thinking and generalization, he also has called for "crossing the river after feeling the stones." In the course of practice, he constantly pondered two questions: What is socialism, and how should socialism be built and developed?

Judging from the documents published so far, Deng Xiaoping made at least 10 explorations on these two questions.

The first time, on 16 September 1978, he said: "If the growth rate of productive forces in a socialist country lags behind capitalist countries' growth rates over an extended historical period, how can we talk about the socialist system's superiority?" His answer to this question is: "We are a socialist country. The basic expression of our socialist system's superiority is that it allows our society's productive forces to grow at a rapid rate unknown in Old China, and it permits us to gradually satisfy our people's constantly growing material and cultural needs."

The second time, on 16 January 1980, after noting the difference that "the socialist system is not synonymous to a concrete way for building socialism," he raised the question of "how to practice socialism," saying: "The Soviet Union has practiced socialism for 63 years, beginning from the 1917 October Revolution; however, it never brags about ways of building socialism. We indeed lack experience. Perhaps we should seriously explore a better way."

In September 1982, after the 12th CPC National Congress proposed that "we should take our own road of building socialism with Chinese characteristics," Deng Xiaoping engaged in even deeper thinking concerning the road of building socialism. He not only explored "ways" to build socialism, but also pondered socialism in the light of ontology. Discussing this question for the third time on 30 June 1984, he incisively pointed out: "What is socialism? What is Marxism? In the past, we did not understand these questions completely." He held that "poverty has no place in socialism," because "Marxism attaches the greatest importance to expanding productive forces." "The fundamental task of the socialist stage is to develop productive forces." "The superiority of the socialist system is manifest in its capability to develop productive forces faster and better than capitalism."

The fourth time, on 15 April 1985, Deng for the first time linked ontology with methods of building socialism and put forward two things that "must be clearly understood." He said: "If there are many experiences to be summed up, then a very important experience is: We must clearly understand what socialism is and how it should be built." He emphatically pointed out that socialism means developing productive forces and raising people's living standards, and that, in building socialism, we must follow the principle of seeking truth from facts.

The fifth time, on 28 August 1985, Deng once again keenly pointed out: "We have not totally understood what socialism is." To realize communism, it is imperative to complete socialism's tasks. There are many tasks in the period of socialism, but the fundamental task is the development of productive forces to create a material foundation for communism. Therefore, in a talk on 26 April 1987, he pointed out: "Now we say that we are practicing socialism, but in fact we are not qualified to say this." This judgment further explained that "we did not totally understand" what socialism was in the past.

The sixth time, on 30 April 1987, Deng pointed out: "Our direction in building socialism is completely correct; however, we are still probing socialism's meaning and how it should be built." From January 1980, when he said "perhaps we should seriously explore a better way," to this time, when he stressed that "we are probing socialism's meaning and how it should be built," important progress was made. This is indeed a fact. From the decision made at the end of 1978 on taking economic construction as the central task in building socialism to the party Central Committee's "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" in

June 1981, which epitomized 10 "major points" in promoting socialist modernization, and from the 12th CPC National Congress in 1982, which called for "building socialism with Chinese characteristics," to October 1984, when the party called for establishing a socialist economic system full of vitality through the development of a socialist market economy, the party has been leading people to find a new road for building and developing socialism.

The 13th CPC National Congress in October 1987 expounded in general the theory of building socialism with Chinese characteristics based on the line of reasoning that our country is still in the primary stage of socialism, and emphatically pointed out that this was an achievement of the "second leap" in integrating Marxism with practice in our country. The design of the report to the 13th CPC National Congress was affirmed by Deng Xiaoping beforehand, and so it could be considered as his seventh exploration into the question of what socialism is and how it should be built. The difference from his earlier explorations was that this time the report used very clear norms and language to point out: "Following the Third Plenary Session of the 11th CPC Central Committee and having analyzed both the positive and negative experiences of more than 30 years since the founding of the PRC and studied the experiences of other countries and the world situation, the Chinese Communists started to find a way to build socialism with Chinese characteristics, thus ushering in a new period of socialist development in the country." Here, "started to find" is a very important judgment.

Therefore, in his eighth exploration of this question on 22 June 1988, Deng Xiaoping said: "During the 10 years of the 'Great Cultural Revolution,' we were not clear about what socialism was and what Marxism was. Now we are keeping to Marxism-Leninism- Mao Zedong Thought. From our experiences and lessons, we understand now what Marxism is."

In December 1990, he further pointed out: "We must theoretically understand that differences between capitalism and socialism do not include such factors as planning and market. Socialism also needs market regulation, and capitalism also includes planning and control. We must not consider the practice of a market economy as taking the capitalist road. No such thing." This could be regarded as his ninth answer to the question of what socialism is and how it should be built.

How should we answer these two theoretical questions? After 14 years of practice and thinking and on the basis of summing up socialism's successes and failures in China and the world, Deng Xiaoping put forward the answer in his talk made during his southern inspection tour in early 1992.

—What is socialism? "The essence of socialism is to liberate and develop productive forces, eliminate exploitation and the division of people into two opposing extremes, and finally reach the goal of common prosperity." "Slow progress in reform and opening up and the lack of courage to try are all a result of fear of practicing

more capitalist things and fear of taking the capitalist road. The key issue is the question of whether our action will be defined with the surname 'Zi' [capitalism] or 'She' [socialism]. The criterion for judging the success or failure of our work is whether it helps develop socialist society's productive forces, strengthen the country's overall capabilities, and improve people's living standards."

—How should socialism be built? "The key is adhering to 'one center and two basic points.'" "The Army and the state organs should all maintain this principle and this system and policy." "In the past, we only talked about liberating productive forces under socialist conditions, and we did not mention the necessity of liberating productive forces through reform. So it was not sound. We should fully talk about ways to liberate and develop productive forces. We should mention that "a market economy is not equivalent to capitalism, and socialism also has market regulation. Planning and market regulation are both ways of controlling economic activity."

From the above-mentioned course of exploration, we can see our main mistakes on the question of building socialism in the past. Deng Xiaoping held that there were two "things that we have not clearly understood." We did not clearly understand what socialism is (including Marxism) and also did not clearly understand how to build socialism.

Theoretically speaking, all our explorations since the Third Plenary Session of the 11th CPC Central Committee are to understand the two fundamental questions of "what socialism is and how it should be built." The theory of building socialism with Chinese characteristics also essentially answers these two fundamental theoretical questions.

### The Correct Path Toward Construction

The path toward socialist construction—this is the issue at hand when we put forward two fundamental theoretical questions.

Be it revolution or construction, the question remains which path we should follow. Paths are the laws of revolutions and construction. They reflect our understanding of the party and are applied in practice. In our search for the laws of and path toward socialist construction, we must gain a clear understanding of such things as the fundamental task of socialist construction, internal motive forces, external factors, political guarantees, and strategic steps. Objectives (tasks) and methods (ways) are the two most important fundamental elements among these factors.

The first "understand clearly," thought out and proposed by Deng Xiaoping, solves the key issue of determining an objective (task) for the path leading toward construction. Such an issue is what the question "what is socialism" seeks to explore. Objective refers to the direction of our struggle, which also means the party's task. Deng Xiaoping's exposition on the essence of socialism has brought to light the intention of socialism in a more profound way—vis-a-vis the theory of socialist features (such as public

ownership and distribution according to work) habitually mentioned by others. It informs us that the task of socialist construction is to liberate and develop productive forces, wipe out exploitation, remove polarization, and achieve common prosperity in the end. If by liberating and developing productive forces we expand production, and by wiping out exploitation, removing polarization, and attaining common prosperity in the end we create a society where fairness and common prosperity exist, then the most fundamental objectives or tasks in the construction of socialism are these two: Expand production and achieve common prosperity. Only by achieving them can we lay the foundation for our entry into communism.

The second "understand clearly" thought out and proposed by Deng Xiaoping solves the key issue of what method (way) we use to construct. Deng Xiaoping offered us his profound view when he explained that perseverance in "one central task and two basic points" is the key to the question of "how to build." "One central task" regards economic construction as the core of our many socialist construction efforts—in economics, politics, national defense, and culture. The essence and tasks of socialism decide what the central task should be. We will fully solve the issue of finding a method (way) to build socialism by reforming our systems to propel socialist construction from the inside, by opening to the outside world to create factors from the outside to benefit the development of socialism, and by upholding the four cardinal principals to guarantee smooth progress in reform, openness, and economic construction.

Therefore, the path toward building socialism with Chinese characteristics will in the end lead us to the path of common prosperity when it liberates and develops productive forces using "one central task and two basic points."

If we go deeper into the issue, we will discover that when Deng Xiaoping expounded the four fundamental issues of economic construction, reform, openness, and perseverance in the four cardinal principals, he had not only brought to light the relations between them (namely, relations between the fundamental task mentioned during the 14th National Party Congress, internal motive forces, external factors, and political guarantees), but also he had grasped the key link that connects them: The socialist market economy.

Because some comrades have already reviewed the historical course during which Deng Xiaoping broached issues regarding the socialist market economy, it is thus unnecessary for me to go into detail here; however, many people who merely regard development of the socialist market economy as one aspect of economic construction have a far-from-adequate understanding of the whole thing. We should realize that the socialist market economy was proposed by Deng Xiaoping as a fundamental method for building and developing socialism. The market economy is also the common key link in economic construction, reform, and opening up, as well as an important aspect in our upholding socialist principles. Therefore, it is essential

to examine socialist market economic principles as important elements—the methods we should use in our path of socialist construction.

For a long time after entering the socialist stage, we were confronted with the contradiction between people's growing material and cultural needs and the backwardness of social production. Following the Third Plenary Session of the 11th CPC Central Committee, Deng Xiaoping unequivocally pointed out: "This is the principal contradiction confronting us at the present stage."

A careful study of this principal contradiction and its solution shows that the undertaking of building socialism in China had long encountered three major contradictions dictated by this principal contradiction.

First, to satisfy the growing material and cultural needs of the masses in China, a developing country, we must take the road of modernization, as other countries in the world have taken; hence, we were confronted with the contradiction between a backward economy and culture and modernization.

Second, to fulfill people's interests and meet their demands, we must choose the socialist outlook on values and road of development; however, to change outdated social production through modernization, we must study and utilize all useful experiences and the fruits of capitalist civilization. Hence, we were confronted with the contradiction between new-born fledgling socialism and mature and developed capitalism.

Third, in building socialism in an economically and culturally backward country, we were confronted with the contradiction between a traditional socialist theory and system and the objective reality.

Previously, we mainly used the system and methods of a planned economy, supplemented with the practice of political campaigns and class struggle, to accelerate socialist construction and change China's backwardness. Although a planned economy's system and methods yielded satisfactory results in centralizing the country's material, financial, and manpower resources and laying the ground for industrialization in the early stage of construction, they revealed more and more serious maladies as time went by. They are not only incompatible with China's realities of uneven economic development and a vast territory and apt to engender bureaucratism and egalitarianism, but also are bound to lead the country onto a road of self-closure from the global economic and scientific and technological development. In other words, a planned economy's system and methods cannot solve the three major contradictions confronting China's socialist construction and the principal contradiction behind them.

In November 1979, Deng Xiaoping put forward new food for thought: Why can a market economy not be practiced under a socialist system? In early 1980, he added that this was for the purpose of "searching for a faster and better road that conforms with China's realities." In October 1985, he pointed out even more explicitly: "No fundamental contradiction exists between socialism and a

market economy. The road that will more effectively develop social productive forces is what is crucial." Later on, he expounded this question on many occasions, but it was not until his southern inspection tour in early 1992 that he addressed people's perplexities and criticisms of a market economy. Through such a round of debates, the 14th CPC National Congress finally defined the market economy's "fundamental role" in distributing resources, clearly proclaiming that the establishment of a market economy is the objective of China's economic structural reform.

An observation of Comrade Deng Xiaoping's train of thought in proposing the socialist market economy shows his keen grasp of the link between contemporary China's principal contradiction and the three major contradictions dictated by it. In dealing with the contradiction between economic and cultural backwardness and modernization in socialist construction, a market economy can help rationalize the distribution of resources in line with the demand for modernization, actively readjust industrial structure and product mix, liberate and expand productive forces, and satisfy the growing material and cultural needs of the masses. In dealing with the contradiction between China's socialist construction and international capitalism, a market economy can help converge the Chinese economy with the global economy; promptly obtain the world's advanced science, technology, information, and equipment, as well as capital and scientific management experience; and maintain and strengthen the relative independence of China's socialist economy in the competitive world. In dealing with the contradiction between traditional socialism and objective reality in socialist construction, a market economy can cope with the objective demands for transforming China's natural and seminatural economy to a market economy in the initial stage of socialism while creating a new socialism full of vigor and vitality. Therefore, the establishment of a socialist market economy is the best choice for solving the three major contradictions and the principal contradiction behind them in China's socialist construction.

What is the significance of this choice? It signifies that based on the objective law of China's socialist construction, we have found the road of construction for "liberating and developing productive forces through the socialist market economy for ultimately realizing common prosperity."

This correct road that we have found symbolizes that our party, led by Comrade Deng Xiaoping, is carrying out Comrade Mao Zedong's legacy and achieving a historic leap in the theory and practice of socialist construction.

### Three Important Points of Understanding

The historic leap in theory and practice, which we have achieved after studying Deng Xiaoping's theory and practice and his exposition on the "need to clearly understand" the two questions and his preliminary solutions to problems on the road of socialist construction, is based on the following important points of understanding.

#### 1. On Understanding "Confidence"

The final section of Deng Xiaoping's talks during his southern inspection tour, as well as the 14th CPC National Congress report, touches upon the issue of confidence. We are full of confidence in the certain victory of the future of socialism and of building socialism with Chinese characteristics. Such confidence is neither unfounded nor superstitious, but has a scientific basis. The fact that we are already on the correct track forms the scientific basis. Therefore, we must study Deng Xiaoping's theory on the "road of construction" and must understand that his "road of construction" is correct and conforms with China's social development law. We must also understand that after experiencing twists and turns, we are now on the threshold of a conscious and rational course of building and developing socialism. Without understanding this point, how could we interpret the "second historic leap" that has taken place since the Third Plenary Session of the 11th CPC Central Committee, and what concrete idea could we use to "arm the whole party," and how could we ask the whole party and people all over the country to "remain unwavering for 100 years?" Deng Xiaoping said: "Since the implementation of reform and opening up, we have set up quite a few rules and regulations in all fields and adopted clear-cut principles and policies written with precise language in economic, political, cultural, military, and foreign affairs, as well as on science and technology." The words "in all fields," "clear-cut," and "accurate" underline an important point, which shows that while exploring the road of building socialism, we have obtained a preliminary understanding of the law on development and have found the correct road. Our confidence is precisely based on this point.

#### 2. On Understanding the "Direction for Making Progress"

At present, our country's modernization drive and reform and opening up have entered a new phase. A new situation, new contradictions, and new problems have emerged in the new phase. Therefore, the question of direction has been raised. In studying Deng Xiaoping's theses, we should stress the development of production and the promotion of common prosperity by adhering to "one central task and two basic points" and stress the liberation and development of productive forces and eventual realization of common prosperity by the development of a socialist market economy. His theses have pointed out that this is the correct path for building socialism discovered through practice, which can enable us to maintain a sober mind and firmly take the road we are now taking under all kinds of complicated situations. For instance, in promoting economic construction and answering questions of how to properly handle relations among reform, development, and stability, how to strengthen the building of spiritual civilization, and how to strengthen party building, we should think about new policies and design new plans by following the road of liberating and developing productive forces through establishing a socialist market economy.

We must clearly understand one thing here. We should understand that only by establishing a socialist market

economy can our country liberate and develop productive forces and realize the final goal of common prosperity. This is a quality leap in our understanding. As for lower-level questions, such as how to establish a socialist market economy and how to strengthen spiritual civilization and party building under a socialist market economic system, we must continue to explore this in a persistent manner. Only in this way can we have more freedom in understanding and action and further expand our conscious and rational understanding. At any rate, since we have already entered the great gate, we cannot go back again. This is the direction for making progress.

### 3. On Understanding "Negative Aspects"

Mao Zedong said everything can be divided into two. This also applies to the search for roads. In those years, Mao Zedong correctly put forward the road of encircling cities from rural areas; however, even in choosing this road, there was the question of overcoming the influence of the peasant-small producer mentality. Yet Mao Zedong did not stop exploring the road of encircling cities from rural areas simply because of this negative aspect, and he did not ignore the corrosive effects of nonproletarian ideologies in the revolutionary ranks simply because he had chosen this road. This is where Mao Zedong was superior.

Today, we have correctly recognized socialist market economy as the key link in the road to building socialism; however, a market economy cannot avoid also having negative or passive elements. There is no reason for reticence in this regard. There is, however, even less reason to deny that the main characteristic of a market economy is its positive effects. Thus, the correct attitude should be: Steadfastly take the socialist market economic road to liberate and develop productive forces and ultimately achieve the goal of common prosperity, while at the same time, earnestly and effectively guard against and overcome negative influences. It is precisely for the purpose of successfully building socialism with Chinese characteristics that the party Central Committee has stressed the need to overcome egoism and money worship. In other words, we cannot ignore the negative aspects, and we cannot change course because of negative aspects.

### Deputy Propaganda Head Calls For Promoting Party Papers

OW0608125293 Beijing XINHUA Domestic Service in Chinese 1046 GMT 27 Jul 93

[By reporters Yu Youhai (0060 2589 3189) and Liu Shiyang (0491 1835 2254)]

[Text] Beijing, 27 Jul (XINHUA)—Gong Xinhuan, deputy head of the Propaganda Department under the CPC Central Committee, said that it is not only necessary to look into the causes of some new contradictions and problems that have cropped up in our country's economic life, but also to know that our country's economic situation, which continues to improve, is excellent as a whole. He also said that those contradictions and problems can be entirely solved in the course of progress.

Gong Xinhuan added that to consolidate and develop the good situation, there is a need to enhance and improve the state's macrocontrol. He said that it is necessary to use Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as guidance; unwaveringly adhere to the party's basic policy for 100 years; conscientiously do a good job on propaganda and education work; unify the thinking of cadres and the masses to the CPC Central Committee's correct assessment of the economic situation and to the Central Committee's correct decision-making; enhance education on the importance of organization and discipline; strictly enforce orders and prohibitions; and take concerted action.

A forum on the campaign to educate people on the current situation, jointly sponsored by the CPC Central Committee's Propaganda Bureau, Propaganda Department, XINHUA NEWS AGENCY, and BAN YUE TAN magazine, is now underway in Beijing. Some 100 responsible persons from the party committees of counties (cities), prefectures (cities), propaganda departments, and posts and telecommunications departments across the nation exchanged experiences at the forum; they enthusiastically took up the issues in the current situation that cause the greatest concern to ordinary people, and they also discussed ways to make better use of BAN YUE TAN and other journals to carry out the campaign to educate people on the current situation.

In his summation speech, Gong Xinhuan affirmed the timeliness of convening this forum, saying it has played the role of an excellent conduit for spreading CPC Central Committee and State Council decisions on enhancing and improving macrocontrol over the national economy and social development, which were aimed at better implementing the important remarks made by Comrade Deng Xiaoping during his southern China tour and the guidelines set forth at the 14th CPC National Congress.

In his speech, Gong Xinhuan pointed out the need for local leaders to make the best use of party newspapers, journals, and other mediums to carry out a campaign to educate people on the current situation. He spoke of the need to conduct a lively campaign. He urged local leaders not only to conduct the campaign in a convincing manner, but also to bring about scientific and artistic unity into the campaign so that the masses will love it. Party newspapers and journals must also squarely face market competition. But because they are the mouthpieces of the party and the people, and because they occupy a special and important role in building socialist spiritual civilization, they should give top priority to producing social effects as well as seeking economic effects. Newspapers and journals are now forbidden to impose arbitrary levies. The decision reached by the CPC Central Committee on banning such arbitrary levies is completely correct and must be resolutely enforced. He stressed the need to make greater efforts to promote the circulation of party newspapers and journals. Local party committees, propaganda departments, and posts and telecommunications departments should aggressively do a good job in promoting party newspapers and journals, devote more time to spreading,

introducing, and recommending party newspapers and journals to the cadres and the masses, and persuade more readers to voluntarily subscribe to and read them, so that party newspapers and journals may display greater force in the campaign to educate people on the current situation.

### Leading Cadres Urged To Be Upright in Work

HK0608120693 Beijing RENMIN RIBAO in Chinese 2 Aug 93 p 8

[Article by Dang Yan (8093 6056): "Government Officials Must Be Upright"]

[Text] In the "Analects of Confucius," Confucius on many occasions answered questions posed by his disciples, such as Zilu, Zizhang, Zigong, and Jikangzi, on how to administer the country. Confucius told his disciples about many principles one should uphold to rule a country, among which was the concept that "government officials should embody uprightness." The concept that "government officials should embody uprightness" is Confucius' basic ideology, as well as his political philosophy on running a country. He upheld that only when one acts uprightly can he set others upright, and that if those above behave worthily, those below will follow the example without being ordered. This concept of Confucius has exerted a far-reaching influence on political morality over the past several thousand years. To our comrades today who are engaging in state administration and who are in leading posts in various departments, this concept remains an important principle that can be used for reference.

The concept that government officials should embody uprightness means that those having the ruling power in hand first should be honest and upright in making use of personnel. Choosing the right person for the right job is an important task facing our leading comrades. If they know how to choose the right person for the right job, the enthusiasm of cadres will run high; otherwise, it is hard to arouse the enthusiasm of cadres in promoting reform and construction. Zhuge Liang, in the period of the Three Kingdoms, once said: "Using ministers on their merits and keeping a distance from villains are reasons why the Former Han is prosperous, and using villains and keeping a distance from ministers with meritorious services are causes for the decline and collapse of the Latter Han." Thus we can see the importance of making correct use of personnel. In choosing the right person for the right job, it is of crucial importance for us to act in an upright and fair manner, and not to be swayed by personal considerations. In selecting and promoting cadres today, we should act according to the principle of the four modernizations, as well as the standards of having both ability and political integrity, and should refrain from being self-centered or selecting people according to personal relationships. We should select people according to their ability and official merits, not their obedience and submission. Only in this way can we accomplish the goal set by Confucius that "those close to you will be happy and those once estranged will come to you." As long as we can recruit people of virtue and fully mobilize the enthusiasm of cadres, our cause certainly will grow and flourish.

The concept that government officials should embody uprightness also means that people with ruling power in hand should be objective and just in handling their work. Contradictions are found in all sorts of things, as well as in their evolutionary processes. When handling routine work, leaders have to cope with all types of contradictions. To successfully fulfill his work, one should proceed from the overall situation of reform and construction in handling routine business and proceed from the objective reality in working out plans, studying principles, approving projects, and distributing capital and materials. He should combine overall interests with partial ones, and long-term interests with immediate interests, and should refrain from considering only immediate interests regardless of the long term, or considering the interests of one side, practicing selfish departmentalism, and carrying out short-range behavior, while ignoring the interests of the other side. Only in this way can our cause of reform and construction undergo a well-coordinated and healthy development.

The concept that government officials should embody uprightness urges people with ruling power in hand to remain clean and honest in their work style. Cadres of our party are the servants of the people, and therefore should serve the people. This is determined by the nature of our party and government. It is also a consistent requirement of our party on all its members and cadres, and the overwhelming majority of our leaders have lived up to the expectations of the party. Under the conditions of a market economy, however, a minority of our comrades have failed to withstand the impact produced by commercial tides. They abuse their power and authority for personal gain, carry out power-money deals, and refuse to work for the people if they cannot gain profit from what they do. The spread of such corrupt practices has aroused the bitter hatred of the masses. Our ancestors once told us that justice and honesty will lead to wisdom and prestige. If a leading cadre follows a dishonest work style, abuses his power for personal gain, and works in a corrupt and degenerate manner, he surely will lose the trust of the masses. When a leading cadre enjoys no prestige among the masses, no one will listen to him and thus he can hardly succeed in his work. Therefore, it is a worthy morality of the party's cadres to be strict with themselves, work in an honest and clean style, and not to be swayed by money or personal gain.

The concept that government officials should embody uprightness urges people with ruling power in hand to be open and aboveboard. Leading cadres are not only the organizers and leaders of the masses, but also should be the models of the masses, like Premier Zhou. In the great cause of building socialism with Chinese characteristics, our leading cadres at all levels should do a successful job in their official posts. In the first place, however, they should learn to be honest and clean-living men. Leading cadres should study assiduously, constantly learn new knowledge, and enrich and enhance themselves. They should have the courage to open up new paths, be creative in their work, and not stick to old ways and conventions. They should work conscientiously for the party, look upon the party's cause as being weighty as Mount Taishan, and regard

personal fame and gain as worthless. They should go down to the grass-roots level, concern themselves with the difficulties of the masses, and accomplish solid work for the masses. They should be strict with themselves and lenient with others, and not fawn on their superiors or be insufferably arrogant to their inferiors. They should be willing to correct their errors, act in an open-hearted and upright manner, and not conceal faults and gloss over wrongs. We have in our rural areas a saying that is simple, yet true: Villages and households follow the way others have done, while the masses follow the example of cadres. As long as our cadres abide by the law and act openly and honestly, they can bring along the masses and push forward the cause of building socialism with the Chinese characteristics.

The concept that government officials should embody uprightness is one of the basics our leading members should know in order to establish their reputation and do a successful job. It is also a key link to strengthen the party building. Comrade Jiang Zemin said on many occasions that if the upper beam is not straight, the lower ones will be aslant and the middle ones will fall. To strengthen the party building, the key issue is to strengthen the building of the leading body, and to make the upper and middle beams straight. Only by so doing can we really accomplish the goal set by Confucius that "if those above behave worthily, those below will follow the example without being ordered"; otherwise, "those below will not listen even if they are ordered." If this is the case, our cause will be impaired.

The concept that government officials should embody uprightness is indeed a truth.

### Central Leaders Urge Development of Guangxi

HK0608060093 Beijing ZHONGGUO XINWEN SHE in Chinese 0513 GMT 21 Jul 93

[By correspondents Xing Haofeng (6717 3185 1496) and Liu Hongtao (0491 3163 3447)]

[Text] Nanning, 21 Jul (ZHONGGUO XINWEN SHE)—In a short period of six months or so from the end of last year to the present, Chinese policymakers have visited Guangxi one after another. They include Political Bureau Standing Committee members Li Peng, Li Ruihuan, Zhu Rongji, and Liu Huqing; vice premiers Zou Jiahua and Li Lanqing; State Councillor Song Jian; and vice chairman of NPC [National People's Congress] Standing Committee Wang Guangying.

Although CPC General Secretary Jiang Zemin has not yet been to Guangxi, he made the following appraisal of Guangxi's Beihai: "A promising city with a boundless future."

The fact that figures from China's top levels are visiting a region within such a short period shows that they are greatly concerned about Guangxi's development.

In the early 1990's, China regarded Guangxi as the channel for the great southwest region to open to the outside world, providing Guangxi's "golden triangle," which includes

Beihai, Qinzhou, and Fangcheng, with a series of preferential policies. Thanks to these measures, Guangxi has taken a big stride in reform. It is estimated that Guangxi's economic take-off will not be far off.

There were three channels in the past leading from China's great southwest to the sea: In the north, taking the railway to Baoji, transferring to Lanzhou-Lianyungang railway and then to the sea from the Lianyungang port; in the center, going down the Chang Jiang from Chongqing and to the sea from Shanghai; and in the south, passing through Hunan and to the sea from Guangdong's Zhanjiang or Guangzhou. All the three channels took much time and were not economical. The Nanning-Kunming railway, which is under construction, will link Guangxi to Yunnan, Guizhou, and Sichuan, giving the three provinces in the southwest the most convenient channel leading to the sea via Guangxi's coastal ports of Qinzhou, Fangcheng, and Beihai. The distance from Kunming to the sea via Qinzhou is only 900 km, 976 km and 1,216 km shorter, respectively, than making a detour from Guizhou to Zhangjiang and from Hunan to Guangzhou. Guangxi, whose economic and industrial foundation has always been weak, has consciously realized that to boost the economy, it is necessary to make the most of Guangxi's advantages, including coastal areas, border, and interior, to put stress on serving the great southwest and building major channels, and to bring along the economic development of the whole region.

It was based on such an important understanding of the essential geographical position of Guangxi that Chinese leaders have paid great concern to the region's development.

While Premier Li Peng was paying a visit to Guangxi last December, he made an inscription for Qinzhou port: "Build the large channel and develop the great southwest." His overall appraisal of Guangxi was: Since the talks made by Deng Xiaoping during his southern tour, Guangxi has undergone tremendous changes and has developed rapidly; the region is full of promise. As the extent of commodity economic development and transportation conditions of Guangxi are different from those of Guangdong, Li Peng said, Guangxi should develop a market economy in connection with its own actual circumstances and work out a profound economic development strategy which conforms to Guangxi's reality.

Regarding the building of the three Guangxi ports, Li Peng particularly called for doing a good job of planning and rational distribution and division of work, and increasing overall efficiency.

Li Ruihuan's impression after his April inspection tour of Guangxi was: Remarkable achievements, lots of difficulties, and great potential and momentum. Apart from geographical and resource advantages, he said, Guangxi had the advantage of being a latecomer. In other words, although Guangxi's reform and opening up has started later, it can learn from the experience of others and avoid setbacks. Moreover, costs for labor and requisitioning land are cheaper than those in the developed regions.

Li Ruihuan pointed out: Guangxi should regard Nanning, Beihai, Qinzhou, and Fangcheng as the focus of development, serve as a medium for introducing advanced techniques from abroad and as an example for other parts of the country, and boost the economy of the whole region. Herein lies the hope for Guangxi.

While Zhu Rongji was making an inspection tour from north to south in Guangxi beginning from Beihai in January this year, he did not stint in his praise or show mercy in criticisms, making many remarks which called for deep thought. He said in Beihai: "Unless the Nanning-Kunming railway is opened to traffic, the port will be useless. Therefore, you should not rush in building the port. Transportation, railways in particular, should be put in the first place. Highway construction should also proceed in order of importance and urgency. Our money should be used properly and produce good economic results. We must be prudent in making policy decisions."

The inspection tours made by leaders not only provided Guangxi with a new train of thought and new ideas but also directly benefited the region. For example, the 900 million yuan for the construction of the international airport in Guilin was ensured with the direct involvement of Li Peng.

Guangxi, a "promising region" in the 1990's, is conspicuously making its dream come true.

#### Family Planning Official Says Work Follows 'Track of Law'

OW0508084593 Beijing XINHUA in English 0815 GMT 5 Aug 93

[Text] Dalian, August 5 (XINHUA)—China has made great achievements in formulating policies and rules for family planning, while administrative work basically follows the track of law, an official said recently at a national work conference on family planning policies and rules.

Yang Kuifu, vice-minister of the State Family Planning Commission, said in recent years efforts have been made to form local family planning legislative systems and illegal rules and regulations in some provinces have been weeded out. He added that most provinces and cities now have standardized law enforcement procedures and documents.

Since the "law of administrative proceedings" was enacted in October of 1990, 325 administrative cases on family planning have been accepted and heard, with another 2150 cases reviewed, he said.

The vice-minister said that the contract system on family planning carried out throughout the country is helping to place planning within the structure of law.

However, he added, the work is uneven in development in different areas of the country.

To meet the demands of reform and opening to the outside world, personnel responsible for family planning work should be trained and special laws and regulations should be made for economical development zones and for those who work in foreign firms.

#### Leaders Attend Forum on Sports Magazine

OW0608093793 Beijing XINHUA Domestic Service in Chinese 0804 GMT 6 Aug 93

[Text] Beijing, 6 Aug (XINHUA)—The office of TIYU BOLAN [WIDE REPORT ON SPORTS] magazine today held a forum in Beijing to celebrate the 15th anniversary of the magazine's founding.

TIYU BOLAN has been working to publicize the principles and policy of the party and the state on sports and has been promoting the development of sports work in the capital. Its special columns and abundant contents are much welcomed by readers. The magazine has many readers throughout the country and has published some 20 million copies in the past 15 years.

Wang Guangying, vice chairman of the Standing Committee of the National People's Congress; Xu Weicheng, deputy head of the Propaganda Department of the CPC Central Committee; Li Zhiqian, secretary [title as received] of the Beijing Municipal Party Committee; and figures from Beijing departments concerned attended the forum.

#### Military

#### Commentator Writes on Communist Party Members

##### On Emancipating Minds

HK0508132593 Beijing JIEFANGJUN BAO in Chinese 13 Jul 93 p 1

[Commentator's article: "Be a Model of Emancipating the Mind and Seeking Truth From Facts—First Comment on Communist Party Members Tempering a Stronger Party Spirit"]

[Text] During a speech at a forum to commemorate the 72d founding anniversary of the Communist Party of China, Comrade Jiang Zemin asked Communist Party members, particularly leading cadres, to study consciously and assiduously the theory of building socialism with Chinese characteristics; to implement unremittingly the basic line, principles, and policies of the party; and to be models of emancipating the mind and seeking truth from facts. This is a fundamental demand for Communist Party members to temper a stronger party spirit under the new historical conditions. It is extremely important for improving the quality of party members in the Army and for strengthening party building in the Army.

Emancipating our minds and seeking truth from facts are the nucleus of our party's ideological line, the quintessence of the theory of building socialism with Chinese characteristics, and have been the fine tradition and consistent style of our party. Communist Party members should become models of emancipating their minds and seeking truth from facts, first and foremost because this is a necessary demand for party members to maintain a high degree of uniformity with the party Central Committee in ideology and politics. From the formulation of the line, principles, and policies since the Third Plenary Session of the 11th

CPC Central Committee to the proposition by the 14th CPC National Congress on forming the socialist market economic structure, and from the establishment of the party's basic line to the formation of the theoretical system of building socialism with Chinese characteristics—all these have been the results of emancipating our minds and seeking truth from facts. For this reason, we must comprehensively and correctly implement the party's basic line, principles, and policies, and must persist in emancipating our minds and seeking truth from facts. Otherwise, it will be difficult to break away from the bonds of outmoded ideas, subjectivism, and prejudices, and it will be impossible to change the mentality of following the beaten track and refusing to make progress. Instead, people will cast doubts on the new measures introduced by the party in the course of reform and opening up, and displaying the exemplary vanguard role of party members will be empty talk. In this sense, whether or not Communist Party members can persist in emancipating their minds and seeking truth from facts is an important criterion by which to judge whether or not they are up to standard in this new period.

For Communist Party members in the Army, to become models of emancipating our minds and seeking truth from facts is a necessary demand in making a success of work in all fields in the Army and in promoting the Army's reform and construction. Only by persisting in emancipating our minds and seeking truth from facts can we bring about unity of theory and practice, of the subjective and the objective, and of a revolutionary spirit and a scientific attitude, and can we perform our tasks creatively and preserve our vitality and vigor. Let us review the last few years. Communist Party members who have stood at the forefront of the era and made remarkable achievements in work, both in society and in the barracks, all are models of emancipating our minds and seeking truth from facts! Following the deepening of the country's reform and opening up and the Army's overall construction with the focus on modernization, we inevitably will encounter many new situations, problems, and contradictions. Thus, Communist Party members—and leading cadres, in particular—are required to continue to take the lead in emancipating their minds, seeking truth from facts, broadening the channels of thoughts, and carrying out bold explorations, so as to integrate the decisions of the party Central Committee and the Central Military Commission with the actual conditions of the Army, to create new things, and to make progress. To have a correct ideological line, to emancipate one's mind, and to seek truth from facts are even more difficult and of a more fundamental nature than performing a specific task well. Therefore in the new historical conditions, Communist party members in our Army should take the lead in and be models of emancipating their minds and seeking truth from facts, apart from being the first to bear hardships and charge ahead of others.

To become models of emancipating our minds and seeking truth from facts is a high demand for Communist Party members. To really accomplish this, there is a need to study assiduously, as initiated by Comrade Jiang Zemin.

By emancipating our minds, we mean that under the guidance of a correct theory, we must break away from the force of habit and the bonds of subjectivism and prejudices, study new situations, and resolve new problems. By seeking truth from facts, we mean that we must acquire a deep understanding of the nature of objective things through practice under the guidance of a correct theory and must follow objective laws in everything we do. Therefore, by party members taking the lead in emancipating their minds and seeking truth from facts, we mean that they should take the lead in studying the basic theory of Marxism-Leninism, particularly Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and his thought on Army building in the new period; study the basic knowledge of the socialist market; study the knowledge of modern science, technology, and military affairs; lay a solid theoretical foundation; and improve their comprehension ability. The masses are the real heroes and practice is the only criterion by which to judge the truth. To become models of emancipating our minds and seeking truth from facts, Communist Party members also should take the lead in going into the realities of life and staying among the masses. It is often the case that repeated closed-door debates over problems cannot help explicitly or accurately understand these problems, but when we go to practice and ask the masses, who have the richest practical experience and the fullest right to speak, the channel of our thought gradually will open, all kinds of misgivings gradually will disappear, and our understanding and decisions will correspond with actual conditions. In a word, the impetus of emancipating our minds and seeking truth from facts comes from the masses and from practice. To become models of emancipating our minds and seeking truth from facts, Communist Party members also should have the courage to uphold the truth and correct mistakes. Building socialism with Chinese characteristics is a cause without precedent. In carrying out this great undertaking, we are required not only to be good at understanding truth, but all the more to be bold in upholding the truth. We must persist unwaveringly in whatever is beneficial to the country's prosperity, to the people's happiness, and to building the Army stronger. We must resolutely oppose and resist whatever runs contrary to this. This is the style and spirit every Communist Party member should have.

There is no end to emancipating our minds and seeking truth from facts. Practice is developing continuously and there are many realms of necessity for us to study in the course of our advance. In the entire historical period of building socialism with Chinese characteristics, we must persist in emancipating our minds and seeking truth from facts. In unwaveringly upholding the party's basic line for 100 years, we must persist in emancipating our minds and seeking truth from facts. In working for the party's cause throughout their lives, Communist Party members should take the lead in emancipating their minds and seeking truth from facts throughout their lives.

### On Selfless Dedication

HK0508132793 Beijing JIEFANGJUN BAO in Chinese 14  
Jul 93 p 1

[Commentator's article: "Be a Model of Hard Struggle and Selfless Dedication—Second Comment on Communist Party Members Tempering a Stronger Party Spirit"]

[Text] To be a model in carrying out hard struggle, being selflessly dedicated, and serving the people wholeheartedly is another demand set by Comrade Jiang Zemin for Communist Party members to temper a stronger party spirit under the new historical conditions.

Carrying out a hard struggle, being selflessly dedicated, and serving the people wholeheartedly are characteristics every qualified Communist Party member should have. Forming a party for public or private interests is a prominent sign that fundamentally distinguishes between a communist party and an exploiting class party. The Communist Party of China is the vanguard of the Chinese working class. Serving the people wholeheartedly is the only aim of the party. Apart from working in the people's interests, it does not have any other private interest to pursue. For this reason, a member of this party, as a matter of course, should regard hard struggle as a political characteristic, infinitely glory in being selflessly dedicated, and regard serving the people wholeheartedly as his life's pursuit. China's socialist modernization is still in the period of arduous pioneering. A great pioneering practice needs the support and encouragement of a great pioneering spirit, whereas a great pioneering spirit requires Communist Party members' exemplary deeds to initiate and develop. Communist Party members should bear more hardships than ordinary people, should perspire more than they, and should make more contributions than they. In this way, our party will acquire a coherent force and combat effectiveness, and will have a force that is appealing to the masses. We also should be aware that following the development of the socialist market economy, negative factors in economic activities inevitably will infiltrate the party's political life and will weaken some party members' mentality to serve the people, to remain public servants, and to be selflessly dedicated. In this situation, it is even more important for Communist Party members to take the lead in carrying out hard struggle, being selflessly dedicated, and serving the people wholeheartedly. This involves not only the development trend of the entire socialist value system, but all the more, the success or failure of the party's cause.

Comrade Deng Xiaoping is quite concerned about carrying out education on hard struggle throughout the party. He stressed: "Carrying out hard struggle is our tradition. Education on hard work and plain living should be given close attention from now until 60 to 70 years in the future. The more developed our country is, the more attention should be paid to building the country through hard work." Now, in tempering a stronger party spirit with respect to carrying out hard struggle, being selflessly dedicated, and serving the people wholeheartedly, Communist Party members should conscientiously put Comrade Deng

Xiaoping's demand into effect and should provide it with a component prominently characterized by the era in light of the new historical conditions and the new historical mission undertaken by the party and the Army. First they should ideologically resist the influence of money worship, pleasure seeking, and extreme individualism; should establish a correct orientation of values, correct value standards, and correct pursuit of values; and always should maintain the advanced nature of Communist Party members. In work, they should exert themselves to make the country prosperous, maintain high standards and set strict demands on themselves, study and carry out modernization, devote all their efforts to the reform and construction of the Army, and actively explore, boldly create, and endeavor with an enterprising spirit to improve the Army's combat effectiveness. In life, they should be industrious and frugal, take the lead in practicing economy, oppose extravagance and waste, not engage in ostentation or lavishness, conscientiously take pride in carrying out hard struggle, and regard industriousness as an ethic. In the meantime, they should correctly deal with the adjustment of interests in the course of reform; take account of the construction of the country and Army; find pleasure in making the masses' lives prosperous; regard patience, being at a disadvantage, and dedication as the way it must be with Communist Party members and as their glory; and "be the first to show concern and the last to enjoy themselves." They should fully support and participate in the country's reform and construction. When the masses' lives and property are in serious danger, they should step out courageously and save them.

To be a model of carrying out hard struggle, being selflessly dedicated, and serving the people wholeheartedly, one should act instead of engaging in empty talk. The exemplary image of Communist Party members is formed by each Communist Party member through every detail of their deeds. As long as Communist Party members, particularly party-member cadres, throughout the armed forces can free themselves from empty talk, act in a down-to-earth manner, and set a good example for others to learn, they will influence and spur on comrades throughout the armed forces, and a fine environment will take shape in which everyone pays attention to carrying out hard struggle, being selflessly dedicated, and serving the people wholeheartedly.

### On Stronger Party Spirit

HK0508132893 Beijing JIEFANGJUN BAO in Chinese 15  
Jul 93 p 1

[Commentator's article: "Be a Model in Observing Discipline and Upholding Democratic Centralism—Third Comment on Communist Party Members Tempering a Stronger Party Spirit"]

[Text] For Communist Party members to temper a stronger party spirit under the new historical conditions, Comrade Jiang Zemin also required them to be models in observing discipline and upholding democratic centralism. All party members, particularly party-member leading cadres, should take serious account of this demand.

Discipline is a guarantee for implementation of a line. Democratic centralism is the fundamental system of the party and the country; it is also the most convenient [bian li 0189 0448] and most rational system. Either in terms of the party's nature or viewed from the need to strengthen party building in the new period, party members are required to be models in observing discipline and upholding democratic centralism. The Communist Party of China is the political party of the proletariat; an advanced, strictly organized, and strictly disciplined contingent of the proletariat; and an entity organized according to the principle of democratic centralism. To maintain a high degree of ideological and political uniformity throughout the party, to consolidate the high degree of organizational and action unity in the party, and to guarantee absolute party leadership over the Army, there must be iron discipline and democratic centralism. At present the state and the Army have the arduous task of carrying out modernization, and the situation is quite complex. Only by strengthening discipline, conscientiously exercising democratic centralism, unifying the party's will and action, and mobilizing and organizing initiative and creativity in all fields to a maximum can we effectively prevent and overcome decentralization; safeguard the authority of the party Central Committee, the State Council, and the Central Military Commission; and ensure a smooth channel for government and military orders. The practice of party- and army-building suggests that the deeper our reform and opening up is and the more developed our modernization drive is, then all the more are party members, particularly leading cadres, required to be models in observing discipline and upholding democratic centralism. On this matter of great importance, Comrade Deng Xiaoping gave extremely thorough explanations that can be described as arousing the deaf and awakening the unhearing. He said: Our party and Army cannot but stress discipline. It will not do to slacken discipline; improper implementation of democratic centralism could lead to the degeneration of the party, of the state, and of socialism. Cadres can degenerate, as can all men. This is the state of affairs: Whether or not our party members, particularly party-member leading cadres, observe exemplary discipline and take the lead in exercising democratic centralism has an important bearing on individuals' destiny and future, and on the survival of our party and state. This should never be taken lightly.

For party members to be models in observing discipline and upholding democratic centralism, first, they must first conscientiously strengthen the cultivation of party spirit; correctly treat the individual, the organization, and the masses; and properly handle relations among these three. We should understand that individual ability is limited, no matter how great it is. The strength of the collective and the masses is limitless. Individual wisdom and talent can be fully displayed only when they are merged with those of the collective and the masses. Second, they must strengthen their sense of responsibility for the revolutionary cause. Discipline and rules bear a compulsory

nature. For Communist Party members to practice exemplary discipline and rules, they must be highly conscientious. Thus we are required to proceed from the fundamental interests of the party, the state, and the Army in strictly observing political, organizational, and military discipline. Under all circumstances, we should be able to correctly handle the relations between democracy and centralism, between freedom and discipline, and between unified will and individual ease of mind. Third, they must strengthen their tempering on inner-party political and organizational life. Every Communist Party member, irrespective of his post, must join the party's organizational life as an ordinary party member and put himself under the organization's management. Individual party members subordinating themselves to the party organization, the minority subordinating itself to the majority, the lower organization subordinating itself to the higher, all party organizations and party members subordinating themselves to the party's national congress and the Central Committee are important principles of democratic centralism and also serve as the most important organizational discipline. Communist Party members should set good examples for others to learn in these fundamental issues. Fourth, they should strengthen internal and external supervision. Maintaining discipline and exercising democratic centralism cannot be separated from effective supervision. Unrestricted power will lead to corruption, and unsupervised individuals are bound for degeneration. Therefore, in exercising discipline and democratic centralism, there is a need to improve the mechanism and system of effective supervision. Party members, particularly party-member leading cadres, should conscientiously accept the supervision of comrades in the party and the masses and should regard this supervision as the best political concern and care for them.

Strengthening discipline makes one invincible in the revolution. A party member contingent with strict discipline is all-conquering, and a leading group that upholds democratic centralism is staunch and powerful. All Communist Party members should seriously consider the practical and far-reaching significance of Comrade Jiang Zemin's demand, consciously strengthen their cultivation of party spirit in this respect in light of their mental states and specific work, be models in observing discipline and upholding democratic centralism, and make major efforts to promote overall army building.

### Economic & Agricultural

#### Chen Yun Talks With Deng on 'Overheated Economy'

HK0608151593 Hong Kong CHING PAO in Chinese No 8, 5 August 93 p 47

[Article by Chen Chieh-hung (7115 3381 1738): "Chen Yun Says Overheated Economic Growth Should Be Slowed Down"]

[Text] **Deng and Chen Are Divided Over Economic Development**

CPC elder Chen Yun, who is nearly ninety, has difficulty getting about, but he has followed with interest the situation in the political arena, especially in economic development, and he often has raised his opinions. Two groups of people work for the Chen Yun office, with one of them engaged in the study of domestic and foreign policy and theoretical study—Deng Liqun, known as "amateur general secretary," joined this group early this year—and the other, which has been under the charge of Wang Bingqian since the 14th CPC National Congress, engaged in the study of economic development policy.

According to a source in Beijing, during the spring festival this year Chen Yu talked with Deng Xiaoping in Shanghai about overheated economic growth and the possibility that the economy would get out of control if the current tendency continued unchecked. Chen Yun said: In my opinion, reform should be carried out in a steady and healthy manner. Deng Xiaoping responded: What matters is that the central leadership must keep a cool head. Economic reform and economic development can never be plain sailing. There are no ready-made models to copy. What is important is that we must assess our experience in time to avoid great setbacks.

Clearly the two were divided over the overall arrangement and strategy for economic development and economic reform early this year.

#### We Will Get Dizzy if the Economy Continue To Develop at Such an Overheated Rate of Growth

When the National Peoples Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] National Committee were in session in March this year, Chen Yun told the State Council: The economy has developed at an excessive rate. Such areas as credit, capital construction, real estate, stocks, and fund-raising have shown a tendency toward chaos. It is necessary to pay attention to the situation in these areas and take the necessary measures. Reforms should be carried out in a coordinated way.

In mid-May, when CPC General Secretary Jiang Zemin went to Shanghai to attend the opening ceremony for the East Asia sports meet, he was told by Chen Yun: Economic development should be slowed down. If things go on this way, we will get dizzy and pay a price at the end of the day. We should conscientiously draw a lesson from what happened five years ago. The central government must take administrative measures to hold the overheated economic growth in check. None should be allowed to have his own way.

When talking to Zhu Rongji in Shanghai in mid-May about the work of the State Council, Chen Yun said: You shoulder heavy loads. The central government must do a good job in exercising macrocontrol before it can help enliven the microeconomy, allowing flexibility while avoiding chaos. We will go nowhere at the present high rate of growth. We do not have sufficient energy, transport facilities, or raw and semifinished materials to support such a high growth rate.

#### The Proper Growth Rate Is 7-8 Percent

The source added: In late June, Chen Yun wrote to the CPC Central Committee Political Bureau and State Council a letter entitled: "My Views and Suggestions in Brief." The letter touched on three issues. First, it is necessary to carry out the party's basic line comprehensively and correctly. At present, while we have been tough enough in one respect, in some instances we have failed to apply our efforts where they were most needed. On the other hand, we have so slackened our efforts in another respect that many party members failed to observe discipline, so corruption ran rampant, jeopardizing the party's central task. Second, the economy is in danger of getting out of control. We should proceed in a planned, proportionate, and steady manner; otherwise overheated economic growth, an out-of-control situation, chaos, and fluctuations will be inevitable, thus affecting the overall strategy for economic development. Chen Yun proposed that the economic growth rate should be kept within 7 to 8 percent, and that no higher economic growth rate should be set. Third, it is necessary for the central government to take a number of administrative measures. China is a big country with uneven economic development. Coordination between the central and local governments should be strengthened, and the central government should exercise more effective leadership over local governments.

#### Source Says Zhu Rongji Forms Economic Plans

HK0608121093 Hong Kong TA KUNG PAO in Chinese 4 Aug 93 p 2

[ "Special Article" by staff reporter Ma Ling (7456 3781): "Zhu Rongji's Economic Thinking" ]

[Text] Beijing, 3 Aug (TA KUNG PAO)—Zhu Rongji's extraordinary boldness shown in China's rapid economic advance in 1993 has attracted worldwide attention. According to a source who is on intimate terms with Zhu Rongji, since Zhu was appointed president of the People's Bank of China he has worked out a series of operational plans to curb inflation and ease various structural pressures brought about by the overheated economy, and is deliberately putting them into practice.

On the strength of his understanding and perception of China's economy, Zhu Rongji has roughed out a set of conceptions on economic operation.

From the remarks on economic affairs he has made this year, it is not difficult to detect his basic ideas on economic operation.

#### Growth Rate and Overheated Economy

Aiming at the "growth rate" issue earlier this year, he said: When there is possibility of accelerating the speed of economic development, what requires serious consideration is that this speed should be one with economic results. If this speed cannot bring about a benign cycle, or if we have raised funds, purchased materials, and gone into production, but failed to sell our products, the speed, in fact, will not be able to produce economic results; though the growth rate can be reached and calculated, we will be

unable to carry out a second production cycle because products cannot be sold and funds cannot be recovered. If the demand for a second cycle is effected, and if it is a cycle that loses money, it is also one without economic results. What we want is a speed and cycle that will produce economic results.

While aiming at the "overheated economy" issue earlier this year, he said: It is also a matter of changing the way people think on this issue. In the traditional planned economy structure, the central authorities exercise very strong control over economic activities at the macro level, but have a very weak ability to grasp the economy. Their judgment of the overall economic situation generally is based on simplistically adding together lopsided and partial microeconomic understandings. That is why there is a great difference in it. For example, the demands for communications, electricity, energy, and raw and semifinished materials have exceeded their supply for a long time. When people think of control, they first will make the above-mentioned economic sectors the targets of attack, so that their investment projects will be suspended. However, from the macroeconomic point of view, these projects will play the role of ensuring long-term, sustained, and coordinated economic development. If we suspend these projects totally, without discrimination, not only will we pay a long-term cost for economic growth, but will find it useless to cure the malady of the present overheated investment. Therefore, if we want to correctly judge the economic situation we face today, we must view it from the angle of a macro and overall economy. As for whether or not economic growth in China is overheated now, he thought there were signs already.

In the first half of this year, while talking about the economic structural reform work in 1992 and comparing its speed with that of the national economic development, he said: We cannot say that there will be many breakthroughs. In particular, not enough attention has been paid to reform in various localities. He said: If we grasp the economy with outmoded methods and simply pay attention to projects, investment scope, and funds without touching the old structure, the current development speed cannot be sustained, and the nonbenign cycle we have followed for several decades cannot be eliminated. We must not permit ourselves to start numerous projects in one move, and then abandon all of them. He hoped that all localities would pay serious attention to reform so that the structural reform this year will make real breakthroughs on the basis of last year.

A short time ago, in light of the excessively and rapid establishment of development zones in various localities, Zhu pointed out: Those zones that have failed to be developed properly should be abandoned as soon as possible. Last year, land totalling 24 million mu was used to set up development zones nationwide, and altogether there are more than 6,000 development zones across the country now. The construction of infrastructure facilities in a development zone with an area of 1 square km requires at least 300 million yuan. Calculated in this way, the development zones covering a total area of 15,000 square km

throughout the nation will require 4.5 trillion yuan. Where can we obtain such an amount of money? Even if we use all the funds for capital construction in the amount of 700-odd billion yuan a year to build the development zones, it still will take us six years to complete them, and in these six years, we would be able to do nothing else! The central authorities are firmly determined that with immediate effect, no more new development zones will be examined and approved.

#### Catching Up With the Four Little Dragons in 10 Years?

Zhu Rongji pointed out during his inspection tour of south China some time ago: The general situation of the entire country now is one of rapid growth of enterprises' deposits. Enterprises have more and more deposits, which shows that they have more and more idle funds. As a matter of fact, these are either funds allotted to them by the state or loans granted to them by banks. Owing to large-scale capital construction, money allotted to them is not used up all at once; hence money is deposited into banks again. Now, one thing that merits our attention is finance, and we still have to do careful calculation and strict budgeting so as to reduce administrative expenses. Money still has to be allocated for capital construction, instead of being used for the development of the processing industry, which should rely only on bank loans. Whether or not this industry should be developed depends on whether or not it yields economic results. Another thing requiring attention is that the construction of infrastructure using loans should be conducted in a planned and systematic way. On the one hand, we should set our strategic objective: catching up with the four little dragons in 20 years, and I think we certainly will achieve this objective. On the other hand, however, if you say you can catch up with them in 10 years, it seems to me that this would be a bit incredible. The risk of the runaway situation does not rest with you, but with the state.

After inspecting a city in Guangdong a short time ago, Zhu said: With regard to real estate, we also should consider the matter at a macro level. We have developed so many properties, but there must be buyers to support the markets! In many places in the country, people are building office premises and luxurious mansions. How can there be so many buyers! The market is lagging behind, but the land all has been approved for development. The cost for building 1 square meter of property in Hong Kong can be used to build 10 square meters here because land in Hong Kong is terribly expensive and the construction costs are very high, too. Someone from Hong Kong will develop a few plots of land here and then wait for the land price to rise and the big fortune to come, but we cannot wait. Taken as a whole, the development of real estate should be linked with the policy of housing reform. It seems we should use Malaysia's policy for reference; that is, whoever develops properties, 50 percent of them should be low-price houses, so that profits from another 50 percent of high-grade houses can be used to subsidize the losses of the low-grade ones.

**People Worry About Raising Funds Through Issuance of Stocks**

Not long ago, Zhu Rongji said after inspecting Fujian: Raising funds through the issuance of stock should not be our principal means because we still lack sound laws and regulations to protect the interests of the masses, and we also are inexperienced in this aspect. The practice will produce a stratum living solely on stock speculation. Without approval of the State Council, more than 5 billion yuan worth of unstandardized stocks have been issued throughout the country. Deng Xiaoping is very cautious about the issuance of stocks. Jiang Zemin and Li Peng are anxious when discussing this matter with me, too. We all think that it is still necessary to handle this affair according to the stipulations of the State Council, and that control at a macro level should be effected. As stocks are issued publicly, they have to be listed for trading. In addition, there is also danger of issuing stocks within the joint stock enterprises because everybody wants to push the stocks onto the market and the leading cadres are allowed to purchase more stock than others, which is a bad tendency.

He recently pointed out: In developing a market economy, if we do not handle business in accordance with the law governing the market economy, the economy cannot be boosted. If the administrative protection given to localities is not liquidated, and if only local interests are attended to, a national unified market will not be formed, and there will be no market strength. Not only is local protectionism intolerable, but the protection given by the state should be appropriate. We should protect only some infant industries, while the ordinary industries should face the competition on the international market. This is an inexorable tendency in the development of history.

**Hunan Dismisses Officials After Zhu Criticism**

HK0608065093 Hong Kong MING PAO in Chinese  
5 Aug 93 p 7

[By staff reporter Yang Liu (2799 2692): "Rebuked by Zhu Rongji for Seeking Private Gains, County and Bank Senior Officials in Hunan Dismissed from Posts"]

[Text] Recently, the director of Hunan Province's Baojing County Agricultural Bank, who was criticized by name by Zhu Rongji at the national financial conference in early July, was dismissed from his post. At the same time, Long Shunying (female), deputy county magistrate, was kept in isolation for investigation. Moreover, a recent investigation shows that Shaoyang city's industrial and commercial bank has appropriated more than 30 million yuan of funds to speculate in the reselling of land in Danshui, Guangdong Province, and the bank staff has illegally shared the exorbitant profits thus earned. The case is now being handled.

A senior official of Hunan Province yesterday revealed that the case involving the Baojing County Agricultural Bank has certain connections with the case involving the Hengshui Agricultural Bank of Hebei Province, which had issued \$10 billion's worth of standby letters of credit. The Baojing County Agricultural Bank had also issued 15

standby letters of credit at that time, with an amount of \$500 million each. Two of the letters of credit had been sent abroad. Later, when the relevant authorities discovered the problem, they were canceled and declared invalid.

The Hunan official continued: Vice Premier Zhu Rongji was shocked and very angry when told that the director of the Baojing County Agricultural Bank had handed over the bank seal to a female county vice magistrate for more than one month. At the national financial conference held on 6 July, he said angrily before the bank directors from various provinces and municipalities and cadres in charge of financial organs: "How could such a person continue to be a bank director?!" After investigation, the relevant Hunan provincial authorities recently decided to issue an official document early this month on dismissal of the bank director from his post and keeping the female vice magistrate in isolation for investigation.

According to another investigation carried out recently, the official in charge of the Industrial and Commercial Bank located on Xihu Road, Shaoyang, Hunan Province, has abused his power and illegally appropriated more than 30 million yuan of funds to speculate in the reselling of land in Danshui, Guangdong Province, in order to seek exorbitant profits. The 1.26 million yuan earned from the speculation was then shared among the bank staff based on their positions and grades. Each of the directors and deputy directors had thus obtained several hundred thousand yuan.

It was pointed out that the Hunan authorities had confiscated all the illegal gains of that industrial and commercial bank and the people involved in this case are now under investigation.

The senior provincial official said: We have also found out that there has been a flow of funds from Hunan to Guangdong, Hainan, and Guangxi (Beihai), amounting to a total of 3.3 billion yuan. Some 1.8 billion yuan has been withdrawn recently, of which more than 500 million has been withdrawn from Danshui alone. Since Zhu Rongji took charge of financial work, the central bank has withdrawn the right of various branches of the People's Bank of China to have 13 percent of the reserve funds deposited in various professional banks in the province.

The official also revealed that banking units throughout Hunan had been running more than 300 investment companies. Now these companies are being screened. The provincial government has ordered all financial units to divorce themselves from these companies as soon as possible.

Referring to the "military orders" issued by the central authorities, requiring all localities to withdraw all illegally or inappropriately loaned funds before 15 August, the Hunan official said: By that time, the province may be able to withdraw 30 to 40 percent of such funds. For this reason, he suggested that the central authorities will extend the deadline to two or three months later.

There are currently about 100,000 bank staff members in Hunan. The above-mentioned official said that good and

relatively good staffs still make up the majority. It is hoped that in the future, when rectifying the financial order, stress will be laid on educating the majority. Since many big financial cases were exposed, the bank staffs in Hunan have been under a great deal of pressure.

### **Zou Jiahua Urges Real Estate Corruption Fight**

*HK0508082393 Hong Kong MING PAO in Chinese  
3 Aug 93 p 2*

[Report: "Zou Jiahua Strongly Attacks Corrupt Officials in Land Department"]

[Text] Relevant departments in Beijing will launch a campaign to crack down on corrupt activities and bribery in the land market in the second half of this month to coordinate with inspections by the Central Land Market Inspection Group in various localities. During the self-inspection of land markets in localities now being conducted, the land use rights of some foreign-invested enterprises have been withdrawn.

As disclosed by an official from the State Land Administration Bureau, Zou Jiahua, vice premier of the State Council, called for the state land departments to launch a campaign to crack down severely on the activities of bribery, bribe acceptance, graft, and corruption in various real estate markets and land administrative departments throughout the country beginning from the second half of August.

### **Bringing Major Cases to Light**

When the campaign starts, major cases of typical examples will be brought to light.

At a national land work meeting held a short time ago, an official in charge of the State Land Administration Bureau gave instructions to the officials of land administrative departments in various localities, calling for them to ferret out cases, toward which they must under no circumstances be softhearted. He asked land officials in various localities to be mentally prepared.

The targets of attack set for this campaign against corrupt will principally include land administrative officials and local administrative officials at all levels who have received money or other material benefits by approving or allowing, beyond their powers, illegal trading in land.

With regard to some criminals involving in major bribery cases, severe punishment will be administered to them.

### **The Formation of the Inspection Group**

According to the above said official, before going down to localities, the Central Land Market Inspection Group is now making plans for the inspection, as various provincial and city land departments are still implementing the guidelines of the National Land Work Meeting. The Central Land Market Inspection Group is composed of various specialized departments including the Ministry of Construction, the State Land Administration Bureau, the State Administration for Industry and Commerce, various special banks, the central bank and its affiliated departments,

the State Administration of Taxation, and so on, in coordination with the pertinent departments and bureaus of the Ministry of Supervision and the Commission for Discipline Inspection of the CPC Central Committee.

It is reported that before the central inspection group starts work in the localities, the Ministry of Construction and the State Land Administration Bureau have sent some inspection teams to Hainan, Guangxi, Fujian, and other key areas to carry out "inspection by departments themselves." This is an action taken in implementing the CPC Central Committee Document No. 6 and guidelines from the economic meeting held by senior central leaders.

### **The Key Areas for Rectification**

At present, it is believed that problems in Hainan and Guangxi were basically investigated when the rectification was conducted there some time ago, and real estate markets in Fujian and various open development zones in the coastal provinces are the focal points of the current rectification.

In the current rectification of the land markets in various localities, the land-use rights of some foreign investors have been withdrawn. Among them is a solely U.S.-owned real estate company registered in Qingdao, Shandong, which was granted land-use rights for a plot of land with an area of 12,900 square meters and a validity period of 70 years in eastern Qingdao in June last year.

This development project land is for building apartments, office buildings, and shopping arcades.

It is reported that, after signing the contract, a relevant department of the Eastern Qingdao Development Zone successively provided the U.S. company with relevant information and construction permits. According to the contract, the U.S. company should pay 14,512,500 yuan as a second installment for selling the land before 15 March this year. However, the money has not been paid.

### **Recalling Land Sold**

In the second half of June this year, the Eastern Qingdao Development Zone once again requested the said company to pay the money in full and pay a fine for delayed payment totalling 17.03 million yuan, but the company has not complied with the request.

On these grounds, the headquarters of the Eastern Qingdao Development Zone decided to terminate the contract and reclaim the land. Meanwhile, no deposit refund or management fees, totalling 3.77 million yuan, will be paid to the company.

### **Ministry Plans Group To Inspect Property Market**

*HK0608133093 Beijing ZHONGGUO XINWEN SHE in Chinese 1120 GMT 13 Jul 93*

[By correspondent Tao Guangxiong (7118 0342 7160)]

[Text] Beijing, 13 Jul (ZHONGGUO XINWEN SHE)—To step up the scrutiny and inspection of the property and

real estate market, the Ministry of Construction has taken the lead to set up a "national leading group for the inspection of property and real estate development and operations."

Construction Minister Hou Jie heads the inspection group, and Zhou Ganzhi, former vice minister, is the deputy head. The group consists of the people in charge of the State Land Administration Bureau, State Administration for Industry and Commerce, and State Administration of Taxation. Provinces, autonomous regions, and municipalities will be setting up similar leading groups.

According to reports, the leading inspection group will mainly be responsible for studying and formulating specific policies, measures, and work plans, and providing guidance, supervision, and inspection for national inspection work. Inspections will focus on learning enterprises' development ability, if their registered capital matches with actual capital and if the sources of capital are proper; on tax avoidance and evasion; if lands conferred to units are being developed on a timely basis; and on problems concerned with financial institutions, property and real estate development, and operations by land administrations.

The Ministry of Construction demands that localities complete inspections in this year's second quarter [as received]. The fourth quarter will move to the retrenchment and reform stage, when the inspections of and follow-up work on major problems are expected to be completed, and property and real estate development firms will see their internal management strengthened with the aim of regulating business operations with law.

### Authorities Urge Anticorruption Education

HK0608110093 Beijing ZHONGGUO XINWEN SHE in Chinese 1209 GMT 21 Jul 93

[Report: "The CPC Central Discipline Inspection Commission and the Ministry of Supervision Require That Prominence Be Given to Anticorruption Education"]

[Text] Beijing, 21 Jul (ZHONGGUO XINWEN SHE)—The CPC Central Discipline Inspection Commission and the Ministry of Supervision required that in the second half of this year and next year, anticorruption education be conducted among the vast party membership and among state organ functionaries.

Recently, the Central Discipline Inspection Commission and the Ministry of Supervision held a meeting in Beidaihe to review the work of some provinces and municipalities. New measures for strengthening anticorruption education under the new situation of establishing the socialist market economy were considered at the meeting.

People attending the meeting agreed that at present, China is situated in a period of transition from the old planned economy structure to the new socialist market economy structure, and it is facing a change from the old structure to the new, as well as interactions between the two structures. The new structure has not completely taken shape yet, while the problems of the old structure remain unsolved.

Against this overall situation, plus the imperfection of the regulations and laws, it is hard to draw a clear line of demarcation between what is right and what is wrong in the field of policies, and there remain many weak links and loopholes in management work. Most people still do not understand the operational regularity of the market economy, or still have no experience in working under such conditions. All this leaves many opportunities for those who are keen to seek private gain by abusing their powers and to act in violation of discipline and the law. This will bring about a stern situation in the field of rectifying party style and struggling against corruption.

People attending the meeting agreed that the increasingly serious corrupt phenomena have harmed the prestige of the CPC, and have hindered the smooth development of reform and opening. To persistently carry out a struggle against corruption, one major issue is to conduct education among the party membership. In the long run, eliminating corruption will rely mainly on deepening reform, perfecting the legal system, and properly conducting education. Therefore, in any circumstances, it is necessary to educate party members and require them to exercise self-discipline in keeping themselves incorruptible, and to carry forward the spirit of working hard and practicing frugality. They should be required to struggle against extreme selfishness, money worship, and hedonism. At present, prominence should be given to anticorruption education. In the second half of this year and next year, the discipline inspection and supervision organs at all levels will arrange sufficient time and strength to conduct a round of anticorruption education among all party members and state functionaries.

The meeting participants agreed that education in party style and against corruption should be guided by Deng Xiaoping's theory on building socialism with Chinese characteristics. Through education, the initiative and creativity of party and government leading bodies and of the vast party membership and party cadres will be aroused, and the correct and effective implementation of party and government policy decisions will be guaranteed.

### Jiang Zemin, Zhu Rongji Send Messages to Forum

OW0508144493 Beijing XINHUA in English 1418 GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—A top-level three-day forum to boost product quality in China opened here today.

More than 70 representatives from departments under the State Council, and from some associations, universities, research institutes and enterprises, are attending the forum at the Diaoyutai State Guesthouse. The event is intended to enhance the nation's consciousness of product quality.

During the three-day forum, representatives will discuss topics including the role of quality under the market-oriented economy, quality problems which Chinese enterprises will face after China resumes its position in the General Agreement on Tariffs and Trade (GATT), and causes for shoddy products.

The participants are expected to work out suggestions on how to improve the quality of products to compete better in the international market and how to bring the legal process into quality control.

The forum has six sponsors, including the State Economic and Trade Commission, State Technical Supervision Bureau, China Quality Management Association and China Central TV Station.

Jiang Zemin, Chinese president and general secretary of the Central Committee of the Chinese Communist Party, wrote a message to the forum urging greater national consciousness of product quality.

Vice Premier Zhu Rongji also sent a letter of encouragement to the forum.

#### **Circular Orders Halt to Unauthorized Tax Cuts**

*OW0508132893 Beijing XINHUA in English 1259 GMT 5 Aug 93*

[Text] Beijing, August 5 (XINHUA)—The Chinese Government has urged strict implementation of state tax policies and ordered a halt to unauthorized tax cuts, according to a circular made public here today.

The State Council circular said that despite the fast growth of the national economy, state revenue has seen little increase so far this year.

Violations of state tax laws and policies including issuing unauthorized tax cuts, granting preferential tax policies without state permission and tax evasion through illicit contracts of turnover taxes by enterprises have led to great losses in state revenues.

The circular demanded strict controls on tax cuts including cuts in customs duties.

It said that the state will not issue new policies of any kind regarding tax reductions and exemptions in the remainder of this year and will stop giving permission for tax cuts, even in case of difficulty or as temporary measures.

Tax collection should be immediately applied to those enterprises whose tax exempt period has expired.

The circular called for a check on unauthorized tax cuts. Preferential tax treatment and tax cuts announced by localities without authorization, including those for foreign-funded enterprises will be nullified, as will those applying to development zones set up without the State Council's approval.

All state departments and localities should adopt "immediate and effective measures" to stop the nonpayment of taxes through illegal contracting of turnover taxes by enterprises, it stressed.

The circular also prohibited tax delays and asked taxation administrators to demand payment on delayed taxes.

Banks must not hold up any tax payments but promptly turn them over to the state.

The circular also ordered a crackdown on fraud involving tax refunds for exports.

It said that taxation administration offices across the country should strengthen efforts concerning taxes collections from self-employed businesses, and private and collective enterprises, as well as Sino-foreign joint ventures and solely foreign-funded firms.

Income taxes should be applied to banks, financial institutions, insurance companies and non-banking financial firms which have been set up by localities.

Taxes collected from these sectors should be turned over to the central treasuries, the circular said.

#### **Teams Check 'Unauthorized' Cuts**

*HK0608032493 Beijing CHINA DAILY in English  
6 Aug 93 p 1*

[Article by staff reporter Wang Yong: "State Orders Crackdown on Tax Loopholes"]

[Excerpt] China's highest taxation authority has sent inspection teams to provinces and cities in an effort to ferret out "unauthorized tax cuts."

The administration hopes the move will close loopholes in collecting State tax revenues. An estimated 100 billion yuan (\$17.2 billion) is being lost each year from such irregularities, officials said.

A new tax registration system has been instituted to single out "fake joint ventures funded by domestic sources" from the rank of foreign-funded enterprises that enjoy preferential tax treatment.

Finance Minister Liu Zhongli has made it clear that no new tax reductions will be allowed this year.

He said he hoped the action would help contain China's deficit within the budgetary target of 20.5 billion yuan (\$3.5 billion) for 1993.

China's total budgetary revenue this year is around 452 billion yuan (\$78 billion), up 8 percent over 1992.

Officials fear that runaway tax losses could bust the budget. [passage omitted]

#### **Joint Office Handles Export Tax Refund Frauds**

*HK0408111093 Beijing FAZHI RIBAO in Chinese  
13 Jul 93 p 1*

[By reporter Xu Lai (1776 0171): "Joint Office for Cracking Down on Frauds in Export Tax Reimbursement Set Up"]

[Text] Beijing, 12 Jul—In order to deal severe blows to export tax reimbursement fraud and to effectively check the criminal activities of defrauding the state of export tax reimbursement, the Supreme People's Procuratorate and

the State Administration of Taxation jointly announced here today that the "Joint Office for Cracking Down on Export Tax Reimbursement Fraud" is set up in Shenzhen as of today.

It is an internationally practiced policy to take tax reimbursement on export products. However, the number of export tax refund fraud cases has been growing in recent years. Preliminary statistics have shown that in the year 1992, a total of 151 productive enterprises across the country opened 7,269 false invoices and issued 1,377 false tax collection certificates, involving a sales volume of 45.042 billion yuan. The amount of reimbursable tax in books totalled 749 million yuan, of which 203 million yuan has been refunded. So far, the state has retrieved 96.37 million yuan of defrauded tax payment, and is trying to recover the rest.

It has been learned that one major feature of present export tax reimbursement fraud is that although productive enterprises and foreign trade companies engaged in such fraud are widespread in all corners of the country, most tax swindlers go through customs clearance, convert foreign exchange, and divide the spoils in Shenzhen.

In view of this, the Supreme People's Procuratorate and the State Administration of Taxation has decided to set up a "Joint Office for Cracking Down on Export Tax Reimbursement Fraud" in Shenzhen. Zhao Dengju, deputy procurator-general of the Supreme People's Procuratorate, urged procuratorial organs at all levels to regard the task of taking strong measures against tax evasions and tax frauds according to the law as one of their important missions in cracking down on economic crimes, focus their attention on the handling and cracking of major export tax reimbursement cases, and make vigorous efforts to recover tax payment that has been defrauded.

At present, export tax reimbursement frauds are mainly conducted in the following form: In collaboration with law-breakers outside Chinese territory, criminals first bribe and lure certain factories, export agencies, and tax and customs officials. Then, colluding with each other, they wantonly defraud the state of a huge amount of export tax refund through opening false dispatch lists, tax payment receipts, customs declarations, and foreign exchange conversion receipts. Some criminal gangs specializing in tax reimbursement frauds have even emerged in some localities.

Zhao Dengju urged procuratorial organs at all levels to firmly overcome the obstruction of local protectionism, and severely punish those who secretly divide and hide recovered illicit money according to the law.

It has been learned that by the end of last June, procuratorial organs across the country have cracked three professional tax fraud rings, made investigation into the cases of 71 state workers who are involved in the criminal activities of tax fraud, and arrested 29 professional swindlers. More than 40 factories, in order to obtain illegal revenue, have been found to have opened false dispatch lists for criminals involving a total amount of nearly 3 billion yuan, while taxation organs in 30 counties found to have issued false

receipts on nearly 2 billion yuan of tax payments, of which over 100 million yuan has been stolen by criminals. So far, the procuratorial organs throughout the country have recovered for the state over 30 million yuan and over \$4 million of defrauded tax payment, and seized over 7 million yuan of bribes.

### State Copyright Administration Sets Regulations

#### Article Reprint Rates

OW0508115293 Beijing XINHUA Domestic Service in Chinese 0213 GMT 5 Aug 93

[Text] Beijing, 5 Aug (XINHUA)—Interim Provisions On The Approved Rates For Reprinting, Extracting, and Reediting Newspaper and Journal Articles

State Copyright Administration  
1 August 1993

Article 1. According to the stipulation of Article 32 of the "Copyright Law of the People's Republic of China," newspapers and journals shall make payment to the holders of copyright according to these provisions when reprinting, extracting, and reediting works which have already been published in other newspapers and journals, except when holders of copyright state that their works shall not be reprinted, extracted, and reedited.

Article 2. When reprinting, extracting, and reediting works, newspapers and journals shall make payment to the holders of copyright in the form of yuan/per 1,000 characters.

Article 3. The rate for newspapers and journals to reprint, extract, and reedit works is 25 yuan/1,000 characters; specialized social sciences and natural sciences newspapers, and journals which are purely theoretical or academic in nature, may appropriately lower the rates, but they shall not be less than 10 yuan/1,000 characters.

Works that are more than 500 characters but fewer than 1,000 characters shall be counted as 1,000 characters; works that are fewer than 500 characters in length shall be considered at half the rate for 1,000 characters.

Article 4. Should regulations on rates for reprinting, extracting, and reediting newspaper articles which were in force prior to the promulgation of these provisions contravene these regulations, these provisions shall override them.

Article 5. The State Copyright Administration shall be responsible for the interpretation of these provisions.

#### Rates on Recordings

OW0608122793 Beijing XINHUA Domestic Service in Chinese 0242 GMT 5 Aug 93

[Interim provisions on legal compensatory standards for recordings; issued by the State Copyright Bureau on 1 August]

[Text] Beijing, 5 Aug (XINHUA)—Article 1. According to the stipulations in Article 37 of the "PRC Copyright Law," one who uses published works in the form of recordings

shall pay the copyright holder, except in the case when the copyright holder has announced that his work may not be used in such a manner.

Article 2. Those who record and distribute recorded products shall pay royalties, according to this formula: The wholesale price of a recorded product times the royalty rate times the quantity of the distributed recorded product.

Article 3. Compensatory standards for recordings distributed as recorded products are:

The royalty rate for purely musical products without lyrics is 3.5 percent;

The royalty rate for songs and operas is 3.5 percent. Of this amount, the music portion accounts for 60 percent of the royalty, and the language portion accounts for 40 percent of the royalty;

The royalty rate for works with only language (including foreign languages) is 3 percent; and

The royalty rate for recorded products (such as teaching materials) for which the distribution is guaranteed by state organs' administrative measures is 1.5 percent.

Article 4. For a recorded product involving two or more pieces, the total compensation shall be calculated according to the royalty formula as well as the corresponding royalty rates, and actual compensation shall then be determined by the length of time each piece of work is accounted for in that recorded product.

Article 5. When recording a piece of rewritten work, 70 percent of the actual compensation, which is to be determined in accordance with Articles 3 and 4, shall be paid to the copyright holder of the rewritten work, and 30 percent to the copyright holder of the original work. However, if the copyright protection period of the original work has expired or when the Copyright Law does not apply to the original work, payment shall be given to the copyright holder of the rewritten work according to the aforementioned percentage.

Article 6. The State Copyright Bureau is responsible for interpreting these provisions.

### Rules on Performance Fees

OW0608131693 Beijing XINHUA Domestic Service in Chinese 0243 GMT 5 Aug 93

[Interim provisions on legal compensatory standards for performances; issued by the State Copyright Bureau on 1 August]

[Text] Beijing, 5 Aug (XINHUA)—Article 1. According to the stipulations in Paragraph 2 of Article 35 of the "PRC Copyright Law," a performance organizer who uses a published work for a profit-making performance shall compensate the copyright holder, except when the copyright holder has stated that his work may not be used in such a manner.

Article 2. A performance shall be compensated by a percentage of income incurred from the performance. In

other words, a certain percentage of the income from ticket sales for every show shall be retained for compensating the copyright holder.

The compensatory rate is 7 percent of the income from ticket sales for every show; however, compensation may not be less than 2.5 percent of the total ticket sales for every show.

The income from ticket sales refers to the actual income after fees for renting performance locations have been deducted.

Article 3. When a performance involves two or more works, the total compensation shall be calculated according to the aforementioned percentage, and then the compensation for each piece shall be determined proportionally according to the length of time each work is accounted for during the show.

Article 4. When performing an adapted work, after the actual compensation has been calculated in accordance with the stipulations in Articles 2 and 3, 70 percent of the compensation shall be paid to the copyright holder of the adapted work, and 30 percent of the compensation shall be paid to the copyright holder of the original work. If the copyright protection period for the original work has expired, only the copyright holder of the adapted work shall be compensated according to the above rates.

Article 5. The State Copyright Bureau is responsible for interpreting these provisions.

### State Forms Intellectual Property Rights Court

OW0508085493 Beijing XINHUA in English 0759 GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—China's first court under a municipal people's court specializing in handling disputes about intellectual property was set up today in Beijing.

The court was founded at the higher people's court and the intermediate people's court of Beijing. It handles disputes relating to patents, trade marks, copyright, inventions and contracts.

Court officials say the court is aimed at protecting intellectual property rights by means of law, punishing those pirating others' achievements, and as a result enhancing scientific, technological and cultural exchanges at home and abroad.

Since 1985 different levels of courts in Beijing have handled 727 cases involving intellectual property, 638 of which have been settled.

### 44,000 Foreign-Funded Enterprises Registered

OW0608095993 Beijing XINHUA in English 0823 GMT 6 Aug 93

[Text] Beijing, August 6 (XINHUA)—China registered a record high of over 44,000 foreign-funded enterprises in the January-June period of this year, which represents a 2.6-fold increase over the same period of last year.

Official statistics show that by the end of June, a total of some 130,000 foreign-funded firms were operating in China, as against 84,000 firms in 1992.

Foreign-funded enterprises have made great breakthroughs in terms of the scale of investment and the scope of management, said an official with the State Administration of Industry and Commerce.

According to the official, the first half year witnessed a total foreign investment of 114.45 billion U.S. dollars and a registered capital of 71.5 billion U.S. dollars, increases of 4.5 times and 3.7 times, respectively, over the same period of the previous year.

Moreover, pledged foreign funds stood at 44.36 billion U.S. dollars in the first half of this year, 3.7 times the figure for the same period one year earlier.

The official said that the production structures of foreign-funded enterprises have become more rationalized. The infrastructure and tertiary areas of the economy saw sharp increases in foreign investment.

Foreign-funded enterprises have turned into one of the main forces in China's economic construction and are playing more important roles in such key industries as energy resources, transportation, infrastructure facilities, agriculture development and high-tech sectors.

Marked progress has also been made in the upgrading of technology in state-owned and township-run enterprises by using foreign funds, said the official.

The ongoing boom in foreign-funded enterprises in China is attributed to the preferential policies and priorities granted them by the central and local governments.

Foreign-funded firms are enjoying a better investment environment. Most have gained satisfactory economic benefits.

The official added that enterprises from 103 countries and regions in the world had invested in China in the first half year, with Hong Kong, Taiwan, the United States and Japan in the forefront.

### Imports, Exports Increase in Economic Zones

OW0608112293 Beijing XINHUA in English 1047 GMT 6 Aug 93

[Text] Beijing, August 6 (XINHUA)—Newly-released customs statistics show that imports and exports in south China's special economic zones (SEZs) continued to rise in the first half of this year.

The volume of foreign trade in China's five SEZs reached a record high of 12.1 billion U.S. dollars in the first six months of this year, a rise of 17.8 percent over the same period of last year.

The five SEZs' exports in the period were valued at 5.8 billion U.S. dollars, or 15.6 percent of the country's total, while imports climbed to 6.3 billion U.S. dollars, 15.5 percent of the national total.

Shenzhen, with a trade volume of six billion U.S. dollars, took the lead among the five zones, all of which saw rises in imports and exports in the first half of this year.

According to the statistics, the Hainan Special Economic Zone enjoyed the highest growth rate in both imports and exports among all the zones. Hainan's exports grew by 35.1 percent, while imports rose by 94.9 percent.

The statistics also show that enterprises with foreign investment in the zones maintained continuous growth in import and export trade. Yet the growth rates were lower than the national average.

Exports by foreign-funded firms reached 2.53 billion U.S. dollars, a rise of 13.8 percent, while imports amounted to 3.13 billion U.S. dollars, an increase of 19.7 percent.

At the same time, the average export and import growth rates of the foreign-funded firms throughout the country were, respectively, 36.9 percent and 58.7 percent.

### State To Punish Illegal Textile Transshipments

OW0608113493 Beijing XINHUA in English 1059 GMT 6 Aug 93

[Text] Beijing, August 6 (XINHUA)—Chinese foreign trade officials recently said that China will give heavier penalties to those involved in illegal transshipments of textiles.

Wu Yi, minister of foreign trade and economic cooperation, said in a recent tour of northwest China that illegal transshipments of textiles have seriously harmed China's politics and economy and, therefore, should be banned resolutely and punished seriously.

Over the past three years, Chinese trade departments have issued a series of documents, circulars and regulations on the banning of illegal transshipment of textiles. Two national conferences have already been held on the issue.

Companies or enterprises found to have been involved in the illegal movement of textiles have been punished.

Yet the practice has not been completely wiped out, the minister said, because of the complexity of the measures involved in illegal shipments and because some illegal activities have been plotted or conducted outside China.

It has been learned that China has been trying to contact importing countries in a bid to abolish such activities through international cooperation.

Zhou Keren, director of the Department of Trade Administration under the Ministry of Foreign Trade and Economic Cooperation, said that China will continue its investigations in those areas in which illegal transfers of textiles are still rampant.

Meanwhile, Zhou added, China will actively take part in international talks, both bilateral and multilateral, on the prevention of illegal shipments of textiles.

Another national conference will soon be held on the ongoing crackdown on the illegal transhipment of textiles.

**State Takes 'Drastic' Steps To Curb Inflation**

HK0608062793 Hong Kong CHING CHI TAO PAO in Chinese No 28, 19 Jul 93 p 23

[From "China Economic News" Column: "Pace of Price Reform To Slow Down"]

[Text] It has been disclosed by an authoritative source that the present price rise in urban and rural areas has gone beyond the alert line of 10 percent, and the situation featured by runaway inflation is extremely grim. In order to curb inflation and stop the general price index from further going up, Chinese authorities have taken drastic measures to slow down the pace of price reform.

It has been learned that except for raising the charges of railway freight transport and readjusting electricity charges, all localities have stopped taking new steps in price readjustment, including the readjustment of service charges. Strict control should be exercised on the price of finished products which are affected by previous price readjustments. Steps should be taken to screen and investigate unauthorized price rises as well as rises in administrative charges since last year. As regards products and projects on which price control has already been lifted, all localities are required to strengthen supervision and to standardize the behavior of enterprises through legislation. After control over grain prices is lifted, state-run grain departments should give play to their functions in stabilizing grain prices and the grain market. In order to protect the interests of the peasants, governments in all localities are required to strictly abide by the maximum limits set on the prices of means of agricultural production.

**Banks To Ease Power Industry Funds 'Shortage'**

HK0508041593 Beijing CHINA DAILY in English  
5 Aug 93 p 2

[By staff reporter Chang Weimin: "Loan Deal for Power Industry"]

[Text] A shortage of funds crippling the electric power industry's development will be eased by bank loans later this year, it was announced yesterday.

Between January and June, 15 billion yuan (\$2.6 billion) was allocated to power projects, about 10 percent less than expected. Investment for the whole year should be 53 billion (\$9.3 billion).

An official from the Ministry of Power Industry yesterday said an on-going meeting convened by the ministry will work out measures to guarantee the investment.

CHINA DAILY has learned that policy shifts are likely to be made to guarantee that power industry construction gets adequate financing.

This year power industry construction has been given less investment than promised despite a nationwide investment boom, mostly in real estate projects.

Power, along with transport, telecommunications and other infrastructural sectors, have been on the government's priority list to ensure long-term economic growth.

The fund shortage, which has lingered for years, was caused by too much credit being granted for years against the backdrop of double-digit economic growth.

The situation got worse in the first half of this year as banks used funds originally set for infrastructure projects to invest in real estate and service industries for their own benefit.

The fund shortage was also made worse by defaults of charges and fees by electricity consumers.

In the first six months of this year, the default total reached 5 billion yuan (\$877 million), up 19 percent from the same period in 1992.

China began reforming the financing system for the power industry in the mid-1980s by channeling money into power projects from local governments and enterprises and individuals at home and abroad.

The central government used to shoulder all investment for the industry.

By 1992, funds from the central government fell to only 30 percent of the total. The other 70 percent came from other sources including foreign investors.

The same investment mix is expected for this year.

However, with the 15 billion yuan (\$26 billion) invested in the industry, 21 sets of units to generate 4.69 million kwh per hour were installed and put into operation.

Of the units, six were hydropower generators to produce 1.07 million kwh per hour, and 15 thermal generators to produce 3.27 million kwh per hour.

Another four generators to produce 670,000 kwh per hour were put into trial operation.

**State To Increase Supervision Over Advertising**

HK0408040493 Beijing CHINA DAILY in English  
4 Aug 93 p 3

[Report by staff reporter: "Agencies Set Up in Bid To Beat Ad Cheats"]

[Text] China is setting up a network of agencies and introducing supervision to control advertisements in the mass media in a bid to crack down on firms and individuals who cheat or mislead consumers.

A total of 55 cities in 24 provinces and regions will launch the new trial system on October 1, according to sources from the State Administration of Industry and Commerce which oversees advertising management.

The move means that the news media including newspapers, TV and radio stations and magazines will no longer have the right to contract advertisement business.

Specialized advertising companies are expected to take over the job and they will be obliged to hand in the contracted ads to the Advertisement Examination Committee made up of specialists from organizations in charge of industrial and commercial administration.

### Supervision

This agency and supervision system is regarded as an important reform which will help break the media's monopoly on the production, management and publishing of advertising and help separate the functions of the media and those of advertising firms.

At present, advertisements in China are not examined before being published, which sometimes results in false advertising.

The new system will examine ads in advance and is expected to put an end to fraud and other illegal advertising practices.

The move is intended to clearly define the responsibilities of advertisers and better protect consumers' interests against fraudulent advertising.

The China Consumer News quoted an official in charge of ads management as saying that fraudulent ads carried by provincial or even national newspapers had been a growing problem in the past two years.

He cited examples of fraud in ads such as the Changcheng Machine and Electric Engineering Company which cheated more than 100,000 people in an illegal investment case last year and a producer of cosmetics which caused skin problems to more than 400 consumers in Beijing alone as customers were lured by the wonderful effects the ads had boasted.

China has been undergoing a boom in advertising in recent years, with the total number of advertising firms reaching more than 16,000 and the total staff engaged in the ads business topping 165,000 by the end of last year.

The ads firms recorded an annual turnover of 6.7 billion yuan (\$1.18 billion) last year, an increase of 93 percent over the previous year.

The Law on Advertising of the People's Republic of China has been drafted and has been listed on next year's legislation agenda by the National People's Congress.

Separate regulations on advertising of food, cosmetics, medicine and fund-raising are also expected to be made public in the near future, according to the official.

### 'Analysts' Say NPC Plans Securities Laws

HK0608013493 Hong Kong SOUTH CHINA MORNING POST in English 6 Aug 93 p 9

[Article by Kent Chen]

[Text] Chinese legislators will press ahead with the drafting of securities legislation, although government officials had previously said it would be deferred. The sixth draft of the legislation will be tabled at the meeting of the standing committee of the National People's Congress (NPC) later this month. The draft of the country's first companies law, considered a pre-requisite to the creation of a securities law, will also be considered at the meeting.

Analysts say the NPC's plan to go ahead with the securities law despite the administration's reservations shows that

the legislature is eager to shed its "rubber-stamp" image. A key member of the securities law drafting committee, Professor Cao Feng-qi, of Beijing University, said: "From the NPC's point of view, there is no question of deferring the law. On the contrary, the drafting process will be sped up."

In a victory for the NPC-commissioned drafting committee, several government ministries reached agreement on five key areas during a recent conference in Beijing. Officials from the NPC, the State Commission for Restructuring the Economy, the Ministry of Finance, the People's Bank of China, the State Council Law Office and the China Securities Regulatory Commission (CSRC) were at the conference. Delegates agreed that to set an annual quota of stocks to be listed on the country's two exchanges would be against the principle of a market economy.

The drafters also persuaded other officials that the current two-tier management system, comprising the State Council Securities Policy Committee and the CSRC, should be replaced by a single regulatory authority. It is understood that a senior CSRC official attending the meeting agreed that the current system was not ideal. The drafting committee also won backing for its belief that new listings should be approved by the regulatory body and its local representatives. The State Council's security policy committee currently has the final say, with the CSRC responsible for making recommendations.

"Some local officials also want a say in the process. This has resulted in a chaotic situation," said Professor Cao.

The proposal in the previous draft of the securities law to open up over-the-counter stocks trading has survived. "Under the current circumstances, in which the two exchanges can not meet the huge demand from investors while a third exchange is not likely in the near future, an additional channel should be available for the issued stocks to be traded openly," said Professor Cao.

The securities law will not distinguish between state-held shares, legal person shares and publicly held shares.

Professor Cao said whether the securities law could be enacted this year depended on the progress of the companies law.

### Internal Trade Ministry Plans Goods Circulation

OW0208140393 Beijing XINHUA in English 1253 GMT 2 Aug 93

[Text] Beijing, August 2 (XINHUA)—The newly-established Ministry of Internal Trade will speed up commodity circulation to better serve the market construction. "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

According to Minister Zhang Haoruo, the country's commodity circulation used to be administered by separate departments, resulting in barriers among them.

The ministry will first deepen reforms in commodity circulation by breaking the barriers to form a big market for capital goods and means of livelihood, the minister said.

It will gradually establish a system of state ordering goods and reform the purchase- and marketing-system for industrial consumer goods and farm and sideline products.

To develop a commodity market mechanism, Zhang noted, his ministry will establish national and trans-regional commodity wholesale and futures markets and form a national network of market information. The commodity market system is expected to be multi-functional, highly efficient and can converge with the international market, he said.

More regulations will be formulated to facilitate commodity circulation and market management, Zhang said.

He said, the Ministry of Internal Trade will strengthen macro-control of commodity circulation and organize the import and export of important goods.

### 'Roundup' on Taxation Reform for Market Economy

OW0408151093 Beijing XINHUA in English 1425 GMT 4 Aug 93

[“Roundup” by XINHUA correspondent Zhang Chengzhi: “Next Steps in China’s Taxation Reforms”]

[Text] Beijing, August 4—China will further reform its taxation system to help establish a market economy.

New measures will focus on revising enterprise income tax, turnover tax and personal income tax, and introducing a system for tax revenues to be shared between central and local authorities.

Economists in Beijing agreed that following years of reform, China’s taxation system has shifted from a single tax category to a variety of tax categories, covering income tax and turnover tax, including value-added tax, product tax and business tax.

But some problems in the country’s taxation system remain to be solved, they said.

For example, enterprise income tax is levied on the basis of a business’s ownership, making fair competition difficult.

Tax rates for state-run major companies are higher, while lower rates are levied on privately-funded Chinese businesses and foreign-funded ones.

Tax revenues for local authorities are very limited, making it difficult to introduce revenue-sharing between central and local authorities. The tax system has not played its due role in taxing any increases in the value of land and regulating the money market.

To deal with these problems, China will restructure the enterprise income tax system and standardize the rates for state-owned and other businesses, to promote fair competition, economists said.

The current turnover tax system will be reformed to get the best allocation of resources. The personal income tax system will be restructured to narrow the gap between the highest and lowest earners.

A local taxation system will be introduced to help central authorities to share revenues with local authorities.

Economists said that Chinese authorities will soon bring in various changes to achieve these reform aims.

The changes will include merging the differing rates of income tax levied at present on state-run businesses, collectively-owned companies and private firms; abolishing the regulatory tax on state-run businesses; lowering enterprise income tax rates; abolishing the collection of revenues from businesses for the construction of energy and transport facilities; and levying a unified income tax rate on both Chinese- and foreign-funded businesses.

Meanwhile, rates of value-added tax, product tax and business tax will be merged or simplified, economists said. Value-added tax will be used primarily to regulate commodity production and circulation, while product tax will be used mainly to regulate production and circulation of liquor, cigarettes, cars and other special consumer goods.

Economists said the present personal income tax, personal income regulatory tax and income tax on urban and rural self-employed people will be merged, while a unified personal income tax with progressive rates will be levied instead.

The current taxation structure will be readjusted to pave the way for the introduction of the system whereby tax revenues are shared by central and local authorities.

For instance, revenues from business tax or part of it will go to local authorities; the scope of resource tax will be expanded and revenues from part of this tax will also go to local authorities; and revenues from land and property will also go to local authorities.

### ‘Pen Talk’ Views South Jiangsu Market Economy

HK0508144593 Beijing RENMIN RIBAO in Chinese 2 Aug 93 p 5

[“Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping’s Theory of Building Socialism With Chinese Characteristics” by Hu Fuming (5170 4395 2494): “Public Ownership and Market Economy Are in Harmony—What the Development of Town and Township Enterprises in Southern Jiangsu Tells”]

[Text] Under the guidance of the line formulated by the Third Plenary Session of the 11th CPC Central Committee, town and township enterprises in southern Jiangsu developed rapidly. In 1978, the output value of town and township enterprises was 3.77 billion yuan; in 1991, it reached 98.547 billion yuan, an increase of 25.2 percent. In 1992, encouraged by Comrade Deng Xiaoping’s important speech during his inspection trip to the south, and by the spirit of the 14th party congress, the development of town and township enterprises in southern Jiangsu entered a new period of great improvement, great opening up, and great development. In 1992, the output value of the town and township enterprises in the three cities of Suzhou, Wuxi, and Changzhou reached 200 billion yuan. In seven counties (cities), the output value of town and township

enterprises surpassed 10 billion yuan, and in Wuxi County it reached 30 billion yuan. Some 6,000 foreign-funded enterprises were established, nearly \$10 billion of foreign funds were utilized, and export volume also greatly increased. At present, the town and township enterprises in southern Jiangsu have transformed the past pattern of "making up the shortfall of agriculture by industry" and "building agriculture with industry," into the economic mainstay in the rural areas of southern Jiangsu, promoting the development of agriculture and tertiary industry. Many of them changed from being small enterprises that "were small boats good at doing U-turns" to enterprise groups or enterprises having output values of 100 million yuan. They changed from using the machines and equipment discarded by urban enterprises to make crude, large, and awkward products, to importing high technology and new equipment from abroad to make high added-value products. They changed from facing the domestic market to vigorously exploring international market, and running enterprises outside the border. They changed from raising funds inside the country to vigorously importing foreign funds to establish foreign-funded enterprises and develop the foreign-oriented economy.

In the practice of establishing town and township enterprises and developing the market economy, peasants in southern Jiangsu gradually have grasped the market's operational mechanisms: 1) Enterprises have full power to make their own decisions, operate according to their own decisions, take sole responsibility for gains and losses, develop themselves, and exercise self-restraint. 2) Enterprises practice one contract and three reforms within themselves; that is, enterprises follow the contracting system; look at actual merits when appointing cadres, who can be promoted or demoted; can hire and fire staff and workers; and wages are linked with returns, and can be higher or lower depending on labor. These are the competitive mechanisms within enterprises. 3) Establish teams of supply and marketing personnel, who continuously explore the market; acquire raw materials, energy, machines, and equipment; and promote products produced by enterprises. 4) Pay attention to knowledge and personnel. Town and township enterprises do not hesitate to use large amounts of money to hire engineers, "part-time engineers," and "part-time technical advisers," and they cooperate with institutes of higher learning and science research units in developing new products, and vigorously train local personnel. 5) Actively run operations with large and medium-sized state-owned enterprises, develop lateral links, and organize enterprise groups. 6) Responding to market needs, they adjust the production setup, actively carry out technological reform, and strive to use new equipment and technology to arm and develop new products. 7) Vigorously develop tertiary industry, build various kinds of markets selling farm and sideline products and industrial consumer goods, and invigorate circulation.

The town and township enterprises in southern Jiangsu have emerged by relying on the market, and the history of their development indicates that public ownership and the market economy can accommodate each other, and that

public ownership and the market economy can be integrated. For a long time, people generally thought that the market economy was a special feature of capitalism, that socialist public ownership and the market economy were mutually exclusive, and that only privatization could pursue market economy. The southern Jiangsu model indicates that this kind of understanding is not scientific. In history, it was indeed capitalism that pursued the market economy, but this does not mean that the market economy was patented by capitalism. Indeed, there never was in history a market economy based on public ownership, but this does not mean that we cannot create a socialist market economy now and in the future, nor does it mean that public ownership cannot pursue the market economy. Comrade Deng Xiaoping pointed out: "More planning or more market mechanism is not the difference in essence between socialism and capitalism. The planned economy does not equal socialism; capitalism also has planning. The market economy does not equal capitalism; socialism also has a market. Both planning and the market are economic means." Comrade Deng Xiaoping's exposition that both planning and the market are economic means has emancipated people's minds and promoted the establishment and development of the socialist market economy system. Whoever doubts whether public ownership can pursue the market economy should do some investigation and research in southern Jiangsu. We can say without any exaggeration that the town and township enterprises in southern Jiangsu are the pioneers of the socialist market economy.

The history of the development of town and township enterprises in southern Jiangsu also indicates that not only can public ownership pursue the market economy, but only by pursuing the market economy can public ownership have strong vitality and promote the rapid development of productive forces. From the day of their emergence, the town and township enterprises in southern Jiangsu have been a collective economy, and still are a collective economy now, without any change of nature or being weakened, but have become stronger and more consolidated. On the contrary, under the planned economy system, public ownership lacked vigor and developed slowly. This is a fact. The integration of public ownership with the market economy is the necessary road to enhancing vigor and consolidating development, and precisely because of this, the 14th party congress firmly and clearly announced: The goal of economic restructuring is to build a socialist market economy system. The practice of the "Enterprise Law" and "Regulations" are to enable large and medium-sized state-owned enterprises to become the mainstay of the socialist market economy.

There clearly are strong points when the collective town and township enterprises in southern Jiangsu pursue the market economy.

One of the strong points is that it vigorously promoted the great development of a collectivized and modernized commodity economy, and opened up a road of industrialization in the rural areas. What capitalist industrialization follows is a road that brings bankruptcy to peasants,

destroys agriculture, and causes an antithesis between urban and rural areas. Socialist countries do not agree to this road of industrialization. In history, however, socialist countries used the method of suppressing the prices of farm products and expanding the scissor gap to accumulate funds, and established factories to recruit peasants to work as workers. The actual consequence of this was the destruction of agriculture, jeopardizing the interests of peasants, and a binary economic structure in which the difference between urban and rural areas expanded. Our country's peasants create town and township collective enterprises, and this enables the countryside gradually to carry out industrialization. During the Seventh Five-Year Plan, the funds for supporting agriculture provided by the town and township enterprises in southern Jiangsu reached 4 billion yuan, five times the input from the state in the same period. By the method of building agriculture with industry, the town and township enterprises in southern Jiangsu promoted the mechanization and modernization of agriculture, and enabled industry and agriculture to develop simultaneously.

The second strong point is that the town and township enterprises in southern Jiangsu are a kind of community collective economy, so they can utilize the wealth generated by town and township enterprises to build small towns, as well as transportation and communication facilities. At present, every village in southern Jiangsu has a road connected to the outside world, and every household uses electric lighting. A telephone network in the rural areas has been established, and town and township enterprises generally use program-controlled telephones. An integral whole of urban and rural areas is taking shape, with large and medium-sized cities as the centers, numerous small towns as the links, and the vast countryside as the surrounding districts. At present, 40 percent of the rural population lives in small towns, and this avoids a great influx of the rural population into the cities.

The third strong point is that because the town and township enterprises in southern Jiangsu are a great development of the market and collective economies with public ownership as the mainstay, they can allow the construction of the spiritual and material civilizations to develop simultaneously. At present, the secondary and primary schools in southern Jiangsu have already basically fulfilled the duty of rebuilding and expansion, and they also have established a number of secondary technical schools and have actively developed adult education. Seventy percent of towns and townships have realized nine-year compulsory education. Every town or township has established a cultural center, a theater, and a dance hall, leading to a very active cultural life. The coverage rate of television surpasses 90 percent. The rural areas generally have established a health care network, and every town or township has built a hospital. Fifty percent of the villages use piped water. The difference between urban and rural areas obviously has narrowed.

The fourth strong point is that when the town and township enterprises in southern Jiangsu developed the market economy, they expedited the development of productive

forces, and rapidly improved the material and cultural life of the people. All the surplus rural labor forces in southern Jiangsu have shifted to nonagricultural production, while the areas absorbed some 2 million outside laborers, and agricultural production basically has eliminated arduous physical labor. When 1980 is compared with 1992, the per capita income of the peasants in the three cities of Suzhou, Wuxi, and Changzhou increased from 200-250 yuan to 1,830 yuan, and nearly every household built a new house. As town and township enterprises are a collective economy, on the whole they are following the road of common affluence. The peasants in southern Jiangsu have profoundly experienced the superiority of socialism in daily life, and on this basis—if we step up education on patriotism, collectivism, and socialism—it will go to their ears and brains, and we can score marked results. Society in this region is stable, and public order is relatively good. At present, the peasants in southern Jiangsu are thoroughly implementing the spirit of the 14th party congress, grasping the opportunity to expedite reform and opening up, developing the socialist market economy, firmly grasping the two civilizations simultaneously, and resolutely advancing along the road of building socialism with Chinese characteristics.

#### **Commentator on Support for Agrotechnology 'Army'**

*HK0408064893 Beijing RENMIN RIBAO in Chinese 1 Aug 93 p 2*

[Commentator's article: "It Is Necessary To Stabilize the Agrotechnological Force"]

[Text] The 1 million-strong agrotechnological army, which is active in the vast rural areas and consists mainly of personnel working in disseminating agrotechnology, is an essential and vital contingent for our country's agricultural production and an important force for modernizing agriculture. Over many years, they, together with billions of peasants, have made important contributions to developing the rural economy and obtaining continuous agricultural harvests. In the future, increases in agricultural production will rely more heavily on scientific and technological progress, making the role of the agrotechnological army even more important. Therefore, it is necessary to pay great attention to the stability and development of this army.

Since last year, some localities have knowingly or unknowingly been weakening the agrotechnological army with certain improper measures. Some localities looked at agrotechnological popularization units as a "financial burden" and imposed indiscriminately uniform measures on them without checking out the differences, either "weaning" them financially or changing their nonprofitmaking status and putting them under corporate management. Some even demanded profit remittances from agrotechnological stations just getting off and in need of support. These policies have forced some of agrotechnological workers to request transfers or to leave the field. Some agrotechnological popularization stations are faced with the situation of

"broken connections, rent networks, and loss of manpower," and their normal agrotechnological popularization work is disrupted. The situation has caused concern among perceptive people and attracted the attention of leading comrades of the Central Committee and State Council.

In our country, agriculture is an basic industry, the foundation of which is at present still insecure. The scientific, technological, and cultural levels and the income from production and operation of the overwhelming majority of peasants are still relatively low. This means that, for now, agrotechnological popularization must remain a free service, as it generates mainly social benefits. For a considerable time in the future, it will be necessary to maintain the nonprofitmaking status of agrotechnological popularization services and, if possible, their budgets. At present, in both developed or developing countries, the popularization of agrotechnology is government-subsidized, a situation determined by the inherent traits of agriculture and the difficulties involved in disseminating the technology.

Our country is still very poor and cannot come up with much money on short notice for the dissemination of technology. The work requires the continued arduous struggle of the agrotechnological departments and large numbers of workers in the field, and their vigorous pursuit of the job with professionalism and a high sense of responsibility. There is no doubt that as the socialist market economic system develops, gradually creating conditions to boost its capability for self-survival and development represents the necessary path for agrotechnological popularization departments. But we cannot all of a sudden "wean" them and let them go into business as full-blooded enterprises when conditions are not ripe. Agrotechnological departments are allowed to supplement their income with some suitable compensated services if they are short of funds and provided that peasants' income is also increased, as this will stabilize the task force and improve the standard of agrotechnological services. But they must not attend to trifles to the neglect of essentials and forget the principle of serving agriculture in making profits.

The "PRC Agrotechnological Popularization Law" recently examined and adopted by the National People's Congress Standing Committee and promulgated by the state president lays down the duties for state agrotechnological popularization organs above the township and town level, and specifies that the funds needed by such organs for disseminating agrotechnology should come from government appropriations, which no authorities or units can intercept or divert to other areas. Local people's governments at all levels should protect the experimental bases, production materials, and various other properties of agrotechnology popularization stations from infringements. The law provides a legal basis for stabilizing and strengthening the agrotechnology popularization sector. Earlier, the six ministries and commissions under the State Council jointly issued a "circular on stabilizing the agrotechnology popularization sector." Localities should conscientiously implement these rules and regulations, adopt

practical measures to stabilize the agrotechnology force and raise the socialized agricultural services to a new level.

### Government Continues Aid to 'Ethnic Regions'

HK0508032793 *Beijing CHINA DAILY* in English  
5 Aug 93 p 3

[By staff reporter Wang Rong: "Minorities Get Aid in Bid To Beat Poverty"]

[Text] Many people in China's ethnic regions are still living below the poverty line despite rapid economic growth, it was reported yesterday.

Government aid will continue to flow into the regions to help them catch up with more prosperous parts of the country, officials with the State Nationalities Affairs Commission (SNAC) said.

Recent State Statistical Bureau figures showed the per capita net income of farmers in the 646 ethnic counties averaged about 578 yuan (\$101.4) last year, more than doubling the figure of 1985.

But it was still 25 percent lower than the national average.

The reported annual 11.7 percent rural per capita income growth in the regions was above the national average of 10.7 percent.

Ethnic counties make up nearly one-third of China's total of 2,366. About 36 percent of the ethnic counties are on the list of State poverty-aid beneficiaries.

About 20 percent of the ethnic counties reported that farmers' per capita income had climbed above 800 yuan (\$140) by the end of last year.

In 1991, farmers in 17 percent of such counties earned an average of less than 300 yuan (\$51) a year. Last year the percent dropped to 10 percent.

Grain output last year in the 646 counties totalled 54.98 million tons, 34.2 percent higher than in 1985, and double the national average growth of 16.8 percent.

The progress was due to the giant steps taken in ethnic regions' agriculture, the bureau said.

The figures showed ethnic counties' economic development would speed up, the bureau concluded.

But the State still faced a tough task to eliminate poverty, said Qumu Ling, deputy-director of the SNAC's poverty-elimination office.

Most of the areas still impoverished are ethnic counties, usually those suffering from a harsh environment and at a lower social development stage.

Such places form the toughest part of the poverty elimination programme, Qumu said.

The rocky barren regions in south-western China, home to 50 million people of some 30 minority nationalities, make up the nation's poorest and most densely populated region.

More than half of the State's poverty-relief aid went to this area which is covered with dry, acidic, thin and sterile soil. The area suffers from chronic poverty and a deteriorating ecological environment.

The northwest desert region, including parts of western Inner Mongolia and southern Xinjiang Uygur autonomous regions and northern Gansu Province, also suffer from severe poverty due to the hostile natural environment and poor transport and communication facilities.

Farming and herding are frequently hit by natural disasters.

Nearly 60 counties on the edge of the Qinghai-Tibet Plateau, at an altitude of 3,500-4,500 metres above sea level, are exposed to similar harsh conditions and natural calamities.

It remains one of China's poorest areas with 40 percent of the farmers and herdsmen living below the poverty line.

Qumu said more funds should be pumped into the land-locked west.

Qumu called for funds to go to infrastructure improvement projects such as power and water supplies, road construction, farmers' training and literacy education.

The central government in the past seven years has sunk more than 4 billion yuan (\$700 million) a year into poverty-stricken areas' economic development, and annually 800 million yuan (\$140 million) is earmarked to create jobs as a form of poverty relief for ethnic people.

Such subsidized jobs are usually provided by local infrastructure construction projects.

#### **'Torch Plan' 'Showing Large Economic Returns'**

HK0608032293 Beijing CHINA DAILY in English  
6 Aug 93 p 1

[By staff reporter He Jun: "High-Tech Plan Burns Brightly"]

[Text] The five-year-old "Torch Plan," launched in 1988 to spur China's fledgling high-tech research and development, is now showing large economic returns.

Under the plan, a total of 3,848 projects were launched by the end of 1992, according to sources from the State Science and Technology Commission (SSTC).

The projects soon began to yield economic results. Output value totalled 19.89 billion yuan (\$3.43 billion) in 1992 and accumulated production value over the last five years reached 30.74 billion yuan (\$5.3 billion).

The plan selects and develops high-level technological research results that can be developed for industrial use in a short time.

Some 300 more projects will be launched this year, with a total investment of 6.09 billion yuan (\$1.05 billion).

The new projects are expected to turn out about 23.4 billion yuan (\$4 billion) in products each year when completed.

The SSTC expects that a total of 12,000 projects will be launched by the end of the century. The annual sales volume from these industrial products is expected to reach 250 billion yuan (\$43.1 billion).

#### **Heavy Rain, Flooding Continue in North**

OW0508065993 Beijing XINHUA in English 0643 GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—Heavy rains are expected to continue over the next two days over north China, and areas along the Yellow-Huaihe River area, the Yangtze-Huaihe River area, Hanjiang and Weihe Rivers and the northern part of Sichuan, according to a forecast by the Central Meteorological Station.

The rainfalls in these areas will range between 10mm to 40mm and some areas, such as the northern part of the Sichuan basin, central Gansu, southern Shaanxi, the central and southern parts of Shanxi, southern part of Hebei, Henan, Shandong and the central and northern parts of Jiangsu and Anhui, may receive rainfalls of 50-70mm and even 80-120mm.

According to a flood situation report by the state anti-flood headquarters, the Yanhe River, a tributary of the Yellow River, was flooded over the past two days, with the flood peak volume reaching 2,900 cubic meters at the Ganguyi Hydrological Station by 14:00 yesterday, the second largest since 1952.

The flood peak of the Nenjiang River passed the Jiangqiao Hydrological Station in Tailai County, Heilongjiang Province, and was advancing downstream toward Daan city in Jilin Province.

The water level of Taihu Lake reached 3.88 meters yesterday and the Taipu sluice gate was shut to stop discharging water.

The water level of Tongting Lake has exceeded the warning mark, but no dangerous situation was reported.

The floods were caused by heavy rains from August 3 to 4 in many parts of the country, with rainfalls generally ranging from 10mm to 50mm, with the biggest registered as 113mm in Yanan city in Shaanxi and 138mm in Fushun, Liaoning Province.

## East Region

### 'Smooth Progress' in Shandong County Organizational Reform

*SK0608100593 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Aug 93*

[Text] In line with the arrangements made by the provincial party committee and the provincial people's government, our province has carried out the program of conducting organizational reform at county and township levels in an overall way and made smooth progress in the program.

According to the reporter's dispatch from the provincial conference of directors of the prefectural and city offices in charge of conducting organizational reform at county and township levels across the province, plans submitted by 13 counties and cities' districts for conducting organizational reform have been approved respectively by the prefectural or city authorities. These counties and cities' districts have also begun to organize their forces to enforce their plan. Of these counties and cities' districts, six counties have basically fulfilled the tasks of readjusting their organs. Sixty-nine counties and city districts have formulated specific plans that are in the process of being submitted to higher authorities for approval. There are 483 townships and towns throughout the province, which have basically fulfilled the tasks of conducting organizational reform, and plans formulated by 1,920 townships and towns for conducting organizational form are in the course of being approved or being enforced by organizing all forces. Organizational reform conducted by 109 townships and towns in Binzhou Prefecture has been basically accomplished. The rate of reduced organs in these townships and towns reached 60.7 percent and that of transferred personnel reached 45.5 percent.

Zhang Ruiheng, vice governor of the province, attended the conference and delivered a speech there, in which he pointed out: In order to further unify thinking and understanding and to enhance the sense of emergency in reform, the provincial party committee and the provincial people's government have decided to basically fulfill the tasks of conducting organizational reform at county and township levels this year. There are only four months left in the year and time is quite pressing. Various localities should accelerate the pace in conducting reform. A task of top priority for them is to intensively approve the plans formulated by counties and cities' districts and to strive to complete the plan approval before the end of August so that these counties and districts may quickly organize their forces to enforce them.

Zhang Ruiheng stressed: We should strictly implement the limited quota in streamlining the organs and fulfill the task of streamlining organizational personnel in a down-to-earth manner. Efforts should be made to uphold the principle of separating the duties of political affairs from those of enterprise management so as to prevent the appearance of companies that only changed the names of official organs but are without business substance. All organs that have turned themselves into economic entities

will not be regarded as institutions and should enforce the establishment of business. In line with the provisions of enterprises, we should conduct registration and management over these entities so as to enable them to truly become independent economic entities that are responsible for their own operation as well as for their own losses and profits.

In his speech Vice Governor Zhang Ruiheng urged party committees and governments at all levels to realistically enhance their leadership in this regard. The departments in charge of organizational setups at all levels should continue to conduct their work in a down-to-earth manner so as to ensure smooth fulfillment of the tasks for conducting organizational reform at county and township levels.

### Shandong Cities Suffer Flooding Caused by Heavy Rain

*SK0608024393 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 5 Aug 93*

[Text] The provincial party committee and the provincial people's government sent a telegram on 5 August to express their sympathy to the prefectures and cities of Linyi, Heze, Jining, Zaozhuang, Dezhou, and Liaocheng that had suffered the disaster of heavy rainstorm.

The telegram says that from the afternoon of 4 August to the morning of 5 August the prefectures and cities of Linyi, Heze, Jining, Zaozhuang, Liaocheng, and Dezhou have had heavy and torrential rainfall. Some of them have suffered the catastrophic rain. Some counties have also suffered force 10 wind during the rainfall and the rainfall of 28 counties, cities, and districts was more than 100 mm. This torrential rain has caused serious disasters and the flooding on the Yihe river has risen fiercely. At 1200 on 5 August, the flooding peak that passed through the Linyi hydrometric station reached 8,000 cubic meters per second. The river overflowed in some areas, some embankments were breached, and some roads were destroyed by the flooding. Some cities and villages were seriously inundated. The overflowed water to these cities and villages was more than 0.5 meter deep in general and that in some areas was 1.08 meter deep. A number of people were sieged by the flooding and the safety of people's lives and property was seriously threatened. In facing the serious disaster these prefectures and cities have rapidly organized the broad masses of party members, cadres, and people to make all-out efforts to plunge into the operation of combating the flooding and rushing to deal with an emergency. They have put a lot of efforts and scored very great achievements in the operations. In response, the provincial party committee and the provincial people's government have expressed cordial regards and sympathy to the broad masses of cadres and people in the plagued areas and extended heartfelt thanks for the contributions made in combating the flooding and rushing to deal with an emergency to the broad masses of cadres, people, the commanders and fighters of the Liberation Army, and the officers and soldiers of armed police forces. The torrential rain is still continuing in our province and the disaster

situation continues to become worse. It is hoped that these plagued localities should continuously carry forward the spirit of fearing no arduousness and difficulties and the work style of conducting consecutive operations and resolutely fulfill the demands set in the order of the provincial people's government with regard to immediately being galvanized into action to combat the flooding caused by the torrential rain. They should adopt effective measures to rapidly rescue the masses sieged by the flooding and to ensure the safety of people's lives and property. They should block the embankment breaches immediately; drain off the accumulated water; and make all-out efforts to rush to successfully deal with the emergency along rivers, embankments, reservoirs, and lakes. They should also repair the damaged highways and the power and water supply facilities and restore their operation as soon as possible. Meanwhile, they should further do a good job in making various preparations for combating more serious rainfall and flooding and make efforts to reduce the losses caused by the flooding as much as possible.

#### **Shanghai Reports Rapid Increase in Private Firms**

*OW0508135493 Beijing XINHUA in English 1333 GMT 5 Aug 93*

[Text] Shanghai, August 5 (XINHUA)—Authorities in Shanghai, the leading manufacturing and commercial center in China, approved 2,000 new private firms in the first seven months of 1993, according to the municipal Administration for Industry and Commerce.

Shen Shaohua, an official with the administration, said today that Shanghai had 6,030 private firms owned by 8,560 investors at the end of July. There are two firms each involving an investment of at least 10 million yuan (about 1.75 million U.S. dollars).

Private companies manufactured 430 million yuan worth of goods in the first half of 1993, he said.

#### **Central-South Region**

##### **Guangxi Secretary Sums Up Observation in Shandong**

*HK0608051093 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 3 Aug 93*

[Text] On 31 July, the Guangxi observation delegation to Shandong returned to Guangxi. This 11-day observation tour had covered a distance of over 2,000 km.

At the observation summary meeting on the afternoon of 1 August, regional party Secretary Zhao Fulin said: On the path of building socialism with Chinese characteristics, Shandong's practice has created for us a wealth of experience. He called on leaders at various levels in Guangxi to study Shandong's experience conscientiously and learn from Shandong with an open mind.

This observation tour to Shandong had the highest ranking membership among all the observation and study tours to other provinces in recent years: Regional party Secretary Zhao Fulin was the chairman, and vice chairmen were

Cheng Kejie, deputy regional secretary and regional governor, and Liu Mingzu, deputy regional secretary and chairman of the regional people's congress standing committee. The delegation was composed of more than 30 members, including party secretaries of 14 prefectures and cities and comrades in charge of the relevant departments of the regional government.

Shandong Province has achieved great successes in various fields in recent years and its economic growth rate has been remarkable. Zhao Fulin summed up Shandong's experience in economic development as five spirits: First, the spirit of working hard for the better and striving to be number one; second, the spirit of taking a matter-of-fact attitude, doing practical things, and making genuine and down-to-earth efforts; third, the spirit of boldly conducting reforms and being brave in practicing new things; fourth, the spirit of attaching importance to education and invigorating Shandong through science and technology; fifth, the spirit of cooperation and struggle in unity.

As to how to draw upon Shandong's experience, Zhao Fulin emphasized: First, we should learn from Shandong's spirit, approach, and style, instead of copying its practices without alteration. Second, in drawing upon Shandong's experience, we must sum up our own experience, replenish and develop our experience, so that it is more in tune with reality, our approach is broader, our path is wider, and there are more ways and means to resort to. Third, we should integrate drawing upon Shandong's experience with drawing upon Guangdong's experience. Guangdong's market economy is very developed and is the pacesetter in utilizing the market economic mechanism, transforming enterprises with foreign capital, and running joint ventures. Shandong is down-to-earth in its work; enjoys balanced development of primary, secondary, and tertiary industries; pays attention to the two civilizations simultaneously; and makes a point of expanding the collective economy while encouraging the development of the private and individual-owned sector so as to strive toward common prosperity.

Zhao Fulin said: When studying Shandong's experience, we should, in light of our reality, conscientiously assimilate it and seek to obtain practical results. In the future, we shall organize professional observation groups and carry forward the study of Shandong's experience in greater depth.

##### **Hunan Chief Procurator on Anti-Corruption Measures**

*HK0608023593 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Aug 93*

[Interview with Zhang Shuhai, chief procurator of the Hunan Provincial People's Procuratorate, by unidentified staff reporter: "Investigate and Handle Major and Crucial Cases To Safeguard the Normal Order of Operation of the Socialist Market Economy"—recorded]

[Text] [Reporter] How do you do, Chief Procurator Zhang?

[Zhang Shuhai] How do you do?

[Reporter] These days, there is a common complaint among the masses that embezzlement, bribery, and other economic crimes are quite serious. Do you agree with this opinion?

[Zhang] Indeed, because of the lure of money, a small number of workers in party and government organs are seeking personal gain through abuse of power, practicing embezzlement and bribery, extorting money, bending the law for the benefit of relatives or friends, manipulating power for personal ends and committing dereliction of duty. They are morally degenerate, extravagant, and wasteful, and guilty of other other forms of corruption. These phenomena do exist. In particular, such economic crimes as abuse of power for embezzlement and bribery are quite serious. The prominent problems are as follows:

First, the number of workers in party and government organs committing economic crime has been on a continuous rise. They include some leading cadres. In the first half of the year, the procuratorial organs province-wide filed and handled cases of economic crime that involved 639 workers of party and government organs, taking up 44.6 percent of all the cases filed. Among them, 10 were cadres holding positions at the county or provincial section level.

Second, the problem of personnel in judicial, administrative, and law-enforcing organs extorting money, demanding and taking bribes, perverting justice for bribes, and bending the law for the benefit of relatives or friends is also quite serious.

Third, departments where such crimes happen most frequently are ones that have important responsibilities in the context of the market economy. The financial sector has become a focus in which offenders practice embezzlement, bribery, and misappropriation of public funds.

Fourth, the phenomenon of organized economic crime is outstanding.

Fifth, cases of faking trademarks, and evading and refusing to pay taxes have been increasing by a big margin. Criminal groups which seek state tax refunds on exports by cheating have emerged in some localities.

Sixth, the amount of money involved in such crime is becoming progressively bigger. [words indistinct] is outstanding.

[Reporter] What have the procuratorial organs in our province, in the face of serious economic crime, done to combat such economic crimes as embezzlement and bribery?

[Zhang] First, they concentrated their energy on cracking a batch of major and important cases of embezzlement and bribery that had widespread, highly damaging effects. Second, they ferreted out a batch of economic moths [as heard] from enterprises that had been suffering from abnormal losses, that is, the ones that were like destitute temples where the abbots were absent, and departments vested with important responsibilities in the context of

market economy. Third, they punished fake trademarks that undermined consumers' interests and offenders who had evaded taxes, refused to pay taxes, or dodged taxes by cheating, causing losses to the state revenue.

[Reporter] What are the new measures the procuratorial organs will adopt to punish corruption and crack down on serious economic crime?

[Zhang] The party and government are determined and able to eradicate the phenomena of corruption. Procuratorial organs are legal supervisory organs vested by law with the power to investigate and handle embezzlement and bribery. They will, at present and in the future, continue to give top priority to the handling of embezzlement and bribery in cracking down on economic crime. Concrete measures include:

First, efforts shall be made to investigate and handle major and important cases [words indistinct], increase the strength of the crackdown, and focus on handling offenses among personnel in party and government organs, judicial departments, and administrative and law-enforcing departments. Offenses involving leading cadres should be given particular attention and handled case by case. They shall, in an active effort to support the rectification of financial order, firmly and resolutely investigate and handle such crimes as embezzlement, bribes-taking, and misappropriation of public funds in the financial sector; rigorously implement policies and laws when handling those cases; and make a correct distinction between guilt and innocence.

Second, energetic efforts should be made to strengthen work on crime reporting by improving the system to this end, reintroduce the reporting hotline, and maintain the 24-hour duty system to receive informers and those who turn themselves in. The reporting hotline of the provincial procuratorate is 26957.

Third, efforts will be made to conduct education in law and urge those who have committed economic crime to surrender themselves to win lenient government treatment.

Besides, they should publicize a batch of cases at the proper time to spread the knowledge of law and inspire the masses.

## Southwest Region

### Sichuan Strengthens Funding for Key Projects

HK0508054493 Chengdu Sichuan People's Radio Network  
in Mandarin 1015 GMT 3 Aug 93

[Text] Our province pools funds in hand to fully support key economic work at present, such as the construction of key projects, the supply of key enterprises' floating funds, and the purchase of agricultural and side-line products, and, at the same time, implements the target responsibility system in fund-raising departments to ensure that funds are available in good time.

This year, a total of 59 key projects of construction with annual planned investment of 10 billion yuan will be

arranged by our province. Viewed from the task-fulfilling situation in the first half of this year, the amount of funds in short supply was too large and the construction of projects proceeded slowly. Regarding this problem, the provincial government has recently decided that such targets as the progress of projects under construction and the supply of funds must be vigorously fulfilled by concerned localities and departments and the responsibility system of management by objective must be implemented, which will be assessed every month. Those with outstanding results will be rewarded but those with bad performance will be punished. Meanwhile, the order of projects to be constructed will be rearranged, with priority given to nine transportation and power projects, namely, the laying of an additional track of the Baoji-Chengdu railway, the Chengdu-Chongqing high-grade highway, and Etan hydropower station. Funds will be supplied in good time in line with the progress of projects under construction, ensuring the fulfillment of this year's 4-billion-yuan investment plan.

At present, as an assignment for the provincial authorities, the task of raising 1.68 billion yuan of key construction funds has been completely fulfilled.

## North Region

### Remarks of Beijing's Chen Xitong Reported

#### Writes on Importance of Study

SK0508000893 Beijing BEIJING RIBAO in Chinese  
5 Jul 93 pp 1, 3

[Article by Chen Xitong, secretary of the Beijing Municipal Party Committee: "Without Research and Study, There Is No Leadership"]

[Text] At present, the major principles and policies of the central authorities have already been defined. Our task is to carry them out. To successfully carry them out, we must vigorously strengthen research and study.

#### 1. Understanding the Importance of Research and Study Should Be Enhanced Further

Research and study are the fine tradition of our party as well as the cardinal method to upholding the dialectical materialist point of view. Comrade Jiang Zemin pointed out in his report to the 14th CPC National Congress: "Emancipating the mind and seeking truth from facts are the quintessence of the theory of building socialism with Chinese characteristics and are the magic weapons for ensuring the ever-lasting, vigorous vitality of our party." To extricate our ideas from the yoke of idealism and metaphysics and to then seek truth from facts, we must correctly understand objective things through in-depth research and study. Comrade Mao Zedong said long ago: "Without research, there is no right to speak." What a brilliant dictum it is! Without research and study, one can only talk irresponsibly based on his subjective concepts. Therefore, depriving him of the right to speak is better for the state, the people, and even for himself. Without research, leading cadres of leading organs will lose their

right to speak and then lose their policy-making power. Unable to make policy decisions, leading organs and leading cadres will naturally lose their leadership. Thus, without research, leading organs and cadres have no right to speak, no policy-making power, and no leadership. Research and study are extremely important to leading organs and leading cadres.

#### A. Research and study are cardinal work for leading organs.

What are the cardinal tasks of leading organs? They are to study situations and have a good grasp of policies. To judge whether a leading organ has fine leadership and whether its leadership is firm and effective, the most important thing is to see whether it can grasp practical situations and formulate and implement correct policies in a timely manner. When a leading organ can understand the situation, make correct policy decisions, and ensure correct implementation of policy decisions, it can "sit within a command tent and devise strategies that will assure victory a thousand li away." However, when a leading organ fails to understand the situation, commits errors in making policies, fails to determine problems in implementation, and cannot change and revise erroneous policy decisions in an active and timely manner, it will "lose the whole game just due to one careless move." If a leading organ wants to not only understand the actual situation but also have a good grasp of policies, the only way is to go deep into the realities of life and go deep among the masses to research and study. If a leading organ can attach high importance to the work of research and study, can frequently exert great effort in research and study, can thoroughly understand the situation of the localities, departments, and units under its own authority, can get to know the major existing problems, and can work out methods and adopt correct countermeasures in a timely manner to solve problems, it is a firm and effective leading organ. Otherwise, it is an incompetent and bureaucratic leading organ. Thus the difference between these two kinds of leading organs lies in whether they have exerted effort in research and study and how much effort they have made. If a leading organ wants to frequently maintain its firm and effective leadership, it must persist in research and study and consider research and study as a work of fundamental significance.

In a socialist country led by the CPC, leading organs at all levels and of all sorts should aim at serving the people. In Beijing Municipality, if party and government organs at all levels want to serve the people, they must frequently understand the interests, feelings, voices, and demands of the masses. When we formulate policies and manage things, we should be eager to meet the needs of the masses and to think what the masses are thinking about. In a word, the policies we have formulated and the things we have done must conform to the interests of the masses and be in line with their desire. As long as we manage things in accordance with the will of the masses, they will support us and will work together with us to overcome difficulties and to win a victory. Even when contradictions emerge between our immediate interests and long-term interests,

between the interests of the part and the whole, and between the individual interests and collective interests, we will win the masses' forgiveness and support after our persuasion and explanation. We can manage these things well only by basing them on our regular research and study. Reviewing the past, we can see that we had many lessons which made us pay a penalty due to our lack of research and study. Whence come the tendencies to effect the transition to communism prematurely, to exaggerate, to give order arbitrarily which once prevailed? Are they not mainly resulted from our failure in conscientiously conducting research and study, the wrong policy decisions which we made subjectively, and our deviation from the reality and the masses which brought serious losses and damages to the masses? Even today, there are still many cases on some people who have subjectively and blindly formulated local policies, forced the masses to do something which they should not do, impatiently carried out some work which the masses cannot accept for the time being, and thus, they are opposed by the masses because the conditions for doing so are not ripe. Hence, if leading organs fail to regard research and study as a fundamental work, they will break away from the purpose of serving the people. Even though they subjectively want to do good things for the people, objectively, things will go against their will, thus, making them to "do a hard but thankless job." They will give order blindly and arbitrarily and do some silly things that waste money and manpower, infringe upon the interests of the masses and deviate themselves from the masses.

"It is no more important for us to conduct research and study because the 14th party congress has been held and the line, principles and objectives have been defined, and all we should do is to implement them," said some people. They also said that it is correct for them to resolutely implement a series of correct policy decisions formulated by the central authorities after research and study. However, it is incorrect to believe that leading organs may slacken their efforts in research and study. First, because the central authorities have demanded us to creatively implement the guidelines of the 14th party congress and to creatively carry out our work, we must closely combine the central guidelines with the reality of our own localities and departments. We cannot accomplish this if we fail to conscientiously conduct research and study. Second, we are in a period of great change, and there are many new problems we do not understand and know well which need or efforts to conduct thorough and systematic research and study. To establish the socialist market economy system, we must change our old ideologies and concepts, reform the old systems, explore the new spheres and study the new contradictions, and sum up and popularize new experiences. All these cannot be separated from research and study. Third, Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the central principles and policies are being continuously developed and perfected along with the change of objective situations. They will not remain stagnant at one point. Our local work also keeps on changing and developing. This will need our efforts to unceasingly conduct research and

study because this is the only way to make us catch up with the new situation and to keep pace with the central authorities. If we believe that we may save trouble and worry with the correct principles and policies of the central authorities, and "in view of the above," copy the policies mechanically, and fail to conscientiously conduct further research and study, we will be unable to creatively carry out our work. In addition, we may go astray in the course of implementation, and will act the way which the masses have criticized: The central policies are good, but they are twisted by the monks with twisted mouths.

#### B. Conducting research and study is an essential technique of leading cadres.

So far as leaders of leading organs are concerned, conducting research and study is all the more the essential technique. The cardinal duties of leaders are to supply ideas and use cadres. Leaders cannot but hold meetings to study work, cannot but do the mobilizations work, and cannot but conduct disposition, inspection, and summarization. Under all these circumstances, leaders cannot but make speeches. In other words, leaders cannot but supply ideas. They must supply ideas, no matter whether the ideas are correct or erroneous, and no matter whether the ideas are of individuals or collectives. Is there a leader who does not supply ideas in the world? If a leader speaks nothing and supplies no ideas, is he not an ornament, and of what use is he? If a leader supplies a correct idea, then it is naturally advantageous to the work and to the cause of the party and the people. If a leader supplies an erroneous idea, it will harm the party, the country, and the people. Leaders should try their best to supply more correct ideas but not fewer erroneous ones. To this end, leaders must persistently conduct research and study, must be good at conducting research and study, and must consider research and study as the essential technique to carry out the leading work. This can be compared to the case: If a singer lacks the essential technique, his singing often gets out of tune when he performs on the stage. If a leading cadre lacks the essential technique of research and study, he often lacks deep understanding of real situation, knows the facts but not the reasons, and even pretends to know what he does not know. When such a leading cadre is required to supply ideas and make policy decisions, he has no ideas at all and discusses something without reaching a decision, even though he seems to have a well-thought-out idea and apparently think deeply and carefully. Or, he can find no way out and skirt round contradictions. Just like the saying that "knit the brows and a stratagem comes to mind," and "do not know the situation but have great determination and many ideas," a leader lacking the essential technique of research and study often has the final say on assumptions, demands rigid uniformity and simplicity, and even follows erroneous ideas as if they are balloons. Such a leader often adversely affects major things or makes a mess of things. Of course, such a leader cannot begin to talk about work creatively. At the most, he can only play the role as the "dispatching office" and the "reception office."

Another reason to regard research and study as the essential technique of leading cadres is because research and

study is the fundamental part of the expertise, leadership art, and leadership level of leading cadres. That a leader can go deep into the realities of life to conduct research and study under the guidance of the Marxism-Leninism-Mao Zedong thought, can analyze, sum up, systemize, and well-organize a vast amount of scattered and fragmentary materials by discarding the dross and selecting the essential, by eliminating the false and retaining the truth, and by proceeding from the outside to the inside, can grasp the essence of things and find their internal laws through heavy and complicated phenomena, and can make correct policy decisions and exercise appropriate leadership by rising from perceptual knowledge to rational knowledge is a manifestation of a leader's skill of applying Marxist-Leninist stand, viewpoints, and methods to analyze and solve problems and a manifestation of a leaders' theoretical and professional expertise. It should be admitted that a leader should be considered incompetent if he lacks the essential technique of conducting research and study. Leading comrades at all levels should make great effort to conduct research and study and learn to conduct research and study in order to narrow the gaps in this regard as quickly as possible.

#### C. Research and study are the basic guarantee for persisting in implementing the party's basic line.

The party's basic line on "one central task and two basic points" is formed gradually based on our party's restoration of the materialist ideological line of emancipating the mind, seeking truth from facts, integrating theory with practice and proceeding from reality while doing everything and on our restudy of our national conditions. To guarantee the implementation of the party's basic line and unceasingly enhance our consciousness and steadfastness in implementation, we must conscientiously conduct research and study, base ourselves on our country's actual situation, pay attention to reality, and unceasingly understand and recognize the developing and changeable national and municipal situations in an effort to more profoundly understand that the line of taking class struggle as the key link after gaining political powers is wrong because it is harmful to the development of socialist productive forces; today's basic line is correct because it helps to greatly emancipate and develop the productive forces, raise the comprehensive strength of the socialist motherland and the living standards of the people, and it is "socialist" not "capitalist." Why some comrades have no peace of mind when they come across with some disturbances or hit by a certain erroneous thoughts, become helpless, and they even suspect or vacillate in the party's basic line? In a final analysis, first, they lack a thorough understanding of the Marxist theory, and second, they lack practice. Persisting in conducting research and study and proceeding from reality while doing everything may help us always keep a clear head, strengthen our political steadfastness, never waver in the party's basic line, consciously implement this correct line, and dedicate ourselves to winning a victory in the socialist cause with Chinese characteristics.

#### 2. In Research and Study, We Must Pay Attention to Actual Results and Be Sure They Help Solve Problems

This year's research and study must be carried out in close connection with the implementation of Comrade Deng Xiaoping's important speech made during his tour to south China, the guidelines of the 14th party congress, and the tasks proposed by the seventh municipal party congress, and the implementation of the work priorities set by the central authorities this year and the work arrangements made by the municipal party committee.

The content listed in the "suggestions of the municipal party committee on the 1993 research and study tasks," mainly involves the issues of building the socialist market economy system, researching, studying, cultivating and developing the market system, advancing the change of operational mechanism of state-owned enterprises, improving the optimal-scale farming, and accelerating the development of tertiary industry, the building of high and new technology development zones, and the reform of the party and government organs; strengthening and improving the party's leadership, researching and studying the building of the party's ideological theories, the building of leading bodies and the building of grass-roots party organizations; building democracy and the legal system, researching and studying how to give play to the role of the people's congresses and the committees of the Chinese People's Political Consultative Conference [CPPCC], comprehensively improving social security, and accelerating the building of local laws and regulations. Meanwhile, we should also research and study how to further strengthen the building of spiritual civilizations. These tasks involve not only long-term issues but also current ones, which we must combine together. We should pay special attention to researching and studying the current issues, because "long-term" issues are formed by many "current issues." Without current issues, there will not be any long-term ones. Grasping the current issues means grasping the long-term ones. A good job in grasping the current issues will help us create conditions for seeking better and quicker development.

Before this plenary session, after the municipal party committee defined the key subjects of investigation and study, various units also defined their own key subjects in line with their respective realities. According to preliminary statistics, the key subjects of investigation and study to be decided by various departments, commissions, and offices of the municipal party committee and the municipal government and by various districts and counties are expected to number about 450. If the subjects offered by various bureaus, corporations, and institutions of higher learning are included, the figure will reach 1,000. This is a very good phenomenon. Only when all levels of leaders pay attention to and actually make investigation and study is it possible to truly give rise to a prevailing practice of investigation and study. The investigation and study of various units should be conducted around the issues of common concern and around the major problems that prevent themselves from forging ahead, difficult and much-debated ones in particular. Through investigation

and study, we should work out methods for solving long-standing, major, difficult, and new problems. We should dare to gnaw a hard bone. After all units have gnawed hard bones, a relatively big progress will be made in the work of the municipality as a whole.

What is the criterion for judging the effectiveness of investigation and study? The criterion is whether it can solve problems? There is a well-known saying of Marx: "Philosophers only use different forms to explain the world, while the question lies in how to change the world." Unlike the theory of mechanical materialism, the dialectical materialist theory of Marx is a dynamic revolutionary theory of knowledge as the reflection of reality. We should not only understand the world but also remold the world. The purpose of understanding the world is to remold the world. Comrade Mao Zedong said: "If you can apply the Marxist-Leninist point of view to explain one or two practical questions, then you should be praised and it can be said that you have scored some achievements. The more numerous, universal, the profound are the questions you have explained, the more greater your achievements are." Comrade Mao Zedong said again: "Investigation is just like the '10 months of pregnancy,' and the solution of problems is just like the 'short day of childbirth.' Making investigation is just aimed at solving problems." Is there any meaning to conduct investigation for quite a while but refuse to solve problems? So far as we are concerned, the criterion to judge the results of investigation and study is to see whether we can use investigation and study to solve the problems with regard to reform and opening up, economic construction, the party's ideological, theoretical, and organizational building, the building of leading bodies in particular, the building of democracy and the legal system, and the building of party style and administrative honesty. The more and better we solve these problems, the greater our achievements are. The reason is that the success in solving these problems will certainly push forward the work of the municipality in an even better manner.

To achieve success in making investigation and study, we must have a correct guiding ideology. Chairman Mao not only pointed out that "without making investigations, one has no right to speak," but also pointed out that "without making correct investigations, one also has no right to speak." Investigation and study should be guided by the fundamental tenets of Marxism-Leninism and by Comrade Deng Xiaoping's theory of building the socialism with Chinese characteristics. In making investigation and study, we must have the correct stand, viewpoints, and methods. With different stands and viewpoints, there can be completely contrary conclusions to the same question. So long as the two kinds of social system exist in the world, there is the opposition and struggle between the two kinds of stands, viewpoints, and methods. People with different interests in the country may also have different viewpoints. For instance, in carrying the economic structural reform, we advocate the coexistence and common development of diverse sectors of the economy and aim at consolidating and developing socialism. However, those who are engaged in bourgeois liberalization stress "total

Westernization" and favor privatization, which will eventually lead to capitalism. If our stand, viewpoints, and the point of departure are different, it is certain that our conclusions will be different. Therefore, without a correct guiding ideology, investigation and study will be one without a soul, and thus will not be soundly carried out. We must take the stand of the party and the people and guide our investigation and study with the Marxist basic theory and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics.

To successfully conduct investigation and study, we must exert great efforts to deeply understand the situation, must not be prejudiced, and must not listen to rumors; we must not do our work carelessly without thoroughly understanding it; and must not gain a superficial understanding through cursory observation or touch something without going into it deeply. We must go deeply to the forefront of reform, opening up and economic construction, and at the same time, participate in reform and practical work. If we participate in the practice of reform, we will have a certain perceptual knowledge and will be able to have a clear picture of the real situation and to distinguish the unrealistic situations. The method for solving contradictions lies in the contradictions themselves. Once when we clarify the true situation and the contradictions, both the major and the minor ones, we will find a method for overcoming contradictions.

To successfully carry out investigation and study, we must have courage to speak the truth, uphold the truth and correct mistakes. In investigation and study, we must guard against the work style of going along with the other side, following the trends, or listening to "hypocrite," must not be worldly wise and play safe, fail to distinguish between right and wrong and fear to hurt others' feelings. We should speak out what we should speak the truth, and must not tell the good news but not the bad ones. As long as we know the truth, we must not fear of hurting others feelings, and the feelings of our neighbors and even the higher levels. Only by conducting thorough investigation and study and daring to speak the truth can we be able to uphold the truth, correct mistakes, and carry out our work more successfully. We must not behave as a kite or a hydrogen balloon. Nor should be behave as a branch of a willow tree, moving to the west when the east wind blows and to the east when the west wind blows. This trend has a market inside our party, bringing great harm to the party. We should strive to solve this problem, and cultivate a good habit of daring to speak the truth and upholding the truth inside the party. Without the courage and the habit of upholding the truth, the vulgar theory of establishing connections will become popular, and liberalization will run rampant inside our party. Our party will become listless and corrupt and lose its fighting capacity, and will not be able to lead the broad masses of people to march forward.

### 3. We Should Combine Personal Participation of Leaders With the Work of Giving Play to the Role of the Ranks of Specialized Personnel

The key to strengthening investigation and study, just as we did in successfully carrying out other fields of work, lies in

leaders' attention. As one of the basic tasks of the leading organs and the basic fields of endeavor of leading cadres, investigation and study need the personal participation of leaders. What do I mean by personal participation? First, leaders should personally define the major investigation and study tasks of their own localities and departments. The leader of a unit should know clearly where the difficult points of his unit lie and where the obstacles on the way of advance are. So, leaders must personally participate in defining the investigation and study tasks. Second, leaders should directly participate in drafting the outlines of their major tasks, sponsor and organize the investigations, personally attend some investigation meetings and appraisal meetings, and read some material. Third, leading cadres should actively help deal with problems discovered in the course of investigation and study. Fourth, they should hand over their investigation and study reports in which they should write down the problems that can be dealt with by themselves and those that should be handled by the municipal party committee and the municipal people's government. These problems should be clearly explained in their reports so as to enable units to clearly affix responsibility for improving or promoting their work in a down-to-earth manner. We will find out how much investigation and study data full of significance can be obtained this year and how many problems can be dealt with.

Of course, the work taken by leading personnel in this regard is relatively heavy. It is impossible for them to take personal charge of carrying out investigation and study over everything. They must be good at bringing into play the role of their assistants and full-time personnel in charge of investigation and studies and at applying their data to replenishing or enriching their understanding and to enhancing their scientific measures in making policy decisions. There are 87 units at the district-county-bureau level throughout the municipality at present, which have no specialized organs in charge of investigation and study and account for one third in the total number of units at the level. The municipality has 619 full-time personnel in charge of investigation and study, of whom, 39 percent of them have the cultural standards of college or junior college and their average age is 39. Over the past few years, they have silently done a great deal of effective work in helping the leadership at all levels upgrade their scientific level in making policy decisions. They constitute a "think tank" for the leadership at all levels to make policy decisions and belong to the contingent that has a most direct bearing on our leading bodies and is most helpful and reliable for them. We should do a good job in bringing the role of this contingent into play. Of course, full-time personnel in charge of investigation and study should also set up strict demands for themselves and continue to enhance their sense of party spirit. They should upgrade their quality of Marxist theories, their capability of analyzing questions, and their professional levels. In particular, they should train themselves by going deep into reality; enhance their abilities; and improve their quality in the investigation and study work. If we regard leading cadres who do not go deep into reality and keep abreast of firsthand situation as the bureaucratic, then we should

regard full-time personnel in charge of investigation and study, who also don't do such things, as the most bureaucratic. All in all, we should further enhance the construction of organs in charge of investigation and study by energetically encouraging the practice of conducting investigation and studies. We do not ask every unit at the district-county-bureau level to set up its investigation and study organ, however, every district or county party committee must have a unit in charge of investigation and study. Units without a specialized organ in this regard should assign personnel to especially take up the investigation and study work and have their leading comrades share the work. Those that have an investigation and study personnel contingent should pay attention to continuously reinforcing or improving it and help these personnel deal with some practical problems. We may allow these personnel to attend some conferences or meetings, show relevant documents and materials to them, and provide opportunities for them to make study and fact-finding tours in outside places and funds for them to carry out necessary investigation and studies. In short, we should create necessary working conditions for them so as to enable them to engage in the investigation and study work happily and wholeheartedly.

### Views Educational Undertakings

SK0608084593 Beijing BEIJING RIBAO in Chinese 13 Jul 93 p 1

[Excerpts] The municipal party committee and government held a municipal education work conference on 12 July, calling on leaders at all levels to resolutely support educational undertakings, firmly and unwaveringly prioritize development of education, emancipate the mind, and truly attend to practical work to push reform and development of the capital's education on a new stage. Chen Xitong, secretary of the municipal party committee; Li Qiyan, mayor of the municipality; and Wang Mingda, vice minister of the State Education Commission, attended the conference and made speeches. [passage omitted]

In his speech, Li Qiyan called on party and government leaders at all levels to firmly and unwaveringly prioritize development of education. Proceeding from the overall situation of socialist modernization of the capital, we should persistently regard economic construction as the central task and foster the guiding ideology of invigorating the municipality through science and technology and regarding education as the foundation. Proceeding from the demand set by education on the establishment of the socialist market economic system, we should consider the ideological line of educational reform and development and establish a corresponding reductional system, mechanism, and pattern. He pointed out: In light of the new circumstances and new problems facing education today, it is necessary for us to correctly understand and successfully handle the following relations: First, relations between economic development and educational development. In modern society, the economy, technology, and education cannot be separated. We must overcome the sense of short-term actions of "rapidly developing the economy but slowly developing education," and foster the

concept of "constantly and unremittingly grasping education and striving towards first-class work." We should change the ideas "that educational undertakings are welfare undertakings" and "educational investment is consumption investment" and the lopsided understanding that "distant water cannot quench present thirst." We should foster the concept that education is a trade of strategic, overall, comprehensive, multi-functional, and high-efficient significance to the economy, science and technology, management, national defense, and various social spheres. We should foster the concept that the development of talented people is the development of the most principal resources and intellectual investment is the most effective investment. Second, relations between adaptability to market mechanisms and observance of educational rules. In the course of building a new educational system and educational operation mechanism, we must adapt ourselves to the market mechanism. However, in educational and teaching activities, we must handle affairs in line with fundamental educational rules. Comprehensively implementing educational principles and training constructors and successors to socialism who are well developed morally, intellectually, and physically is the starting point and the ending point to bring market mechanism into the educational sphere. Those which are contrary to this should be corrected. Third, relations between the popularization and enhancement of education. We should grasp the two basic objectives of Beijing's regulations on educational development in the 1990's. They are: Improving the overall quality of the capital's people; and training a number of first-class talents while fostering the concept of striving for first class standing in the whole country. Fourth, the relations between streamlining administration and delegating powers with the macroeconomic regulation and control. We should mobilize the initiative of many fields and carefully select our own places in the "chess game" of education to promote coordinated development of education. Fifth, relations between government run schools and privately run schools. Managing education is a major duty, obligation, and social management function of the government. However, we must change the past pattern of having the government taking full responsibility for schools and should mobilize the initiative of all forces in society to run schools consistently. [passage omitted]

In his speech, Chen Xitong pledged to support educational undertakings and various reforms on the educational front. He stressed: Educational undertakings are basic to construction. Long ago, we set forth the demand of grasping two basic constructions: the construction of talents as the foundation and the construction of urban infrastructure. Without infrastructure, urban areas cannot develop; and without talents, modernization cannot be carried out. Therefore, we must persist in these two constructions without any deviation. We must boost education by practicing retrenchment. At present, input in education still lags behind demand, and the ranks of teachers are not stable under the new situation. These problems must be solved conscientiously by proceeding from the realities of the municipality. The government

should try its best to increase input in education, and all units and enterprises are also required to support education voluntarily. We should develop school-run enterprises and should persist in the principle of distribution according to work to improve remunerations to teachers. At the same time, we should educate the vast numbers of teachers, staff, and workers to be devoted to the party's educational undertakings, to foster the sense of being glorious and responsible for struggling for educational undertakings and the sense of making contributions to developing the capital's educational undertakings. Chen Xitong also called on leaders at all levels to avoid the idea "that it is good enough," and to make continued efforts to grasp education and to keep up the existing good situation of vigorously developing education. [passage omitted]

### Hebei Cracks Down on Abduction, Trafficking Gangs

SK0608021193 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 5 Aug 93

[Text] Since July, our province's public security organs at all levels have exerted utmost efforts to deal blows to cases on abducting and selling women and children and to stir up a province-wide upsurge in this regard.

Heretofore, the whole province has cracked 365 cases on abducting and trafficking in women and children, captured 448 criminals, discovered 29 criminal rings, and saved 340 women and children who had been abducted or sold.

On 5 July, the provincial Committee for Comprehensive Management of Social Security held a telephone conference to work out plans for the work of dealing blows to abductions and trafficking of women and children and to mobilize all people and all units and departments to jointly grasp and manage this work and to exert strenuous efforts to check this social repulsive phenomenon of abducting and trafficking in women and children. After this conference, the provincial Public Security Department held meetings on several occasions to study and implement measures and sent work groups to six major prefectures, cities and counties, namely, Handan, Xingtai, Shijiazhuang, Hengshui, Baoding and Cangzhou, to investigate and supervise this work. On the basis of this struggle, public security organs at all levels pinpointed the priorities in line with local conditions, unceasingly strengthened efforts to deal blows to this kind of case, and achieved noticeable results.

The Fucheng County Public Security Bureau organized efforts to make sudden strikes to attack abductions and trafficking of women and children and cracked 66 cases in 10 days. In order to pursue and capture the criminal gang headed by (Sun Jingyuan), which abducted and sold 50 women, Yanshan County Public Security Bureau sent six cadres and policemen to Shijiazhuang, Zhangjiakou and Chengdu, and finally they captured all members of this gang in 20 days. In addition, public security organs in various localities have also regarded communications trunk lines, railway stations, and bus stations where the criminals stopped over or hid as the focal points and set up

defences strictly in an effort to promptly discover and deal blows to criminals engaged in human abductions.

### Inner Mongolia Committee Approves Appointments

SK0608123993 Hohhot NEIMENGGU RIBAO in Chinese  
10 Jul 93 p 1

[Text] The following is the namelist of personnel appointments approved at the second meeting of the eighth autonomous regional people's congress Standing Committee on 9 July:

#### Decisions on appointments:

A decision was made to appoint Han Wengui [7281 2429 6311] director of the autonomous regional supervisory department.

A decision was made to appoint He Zukan [0149 4371 0170] director of the autonomous regional state security department.

#### Appointments:

Guan Bingdong [4619 3521 2639] has been appointed chief procurator of the autonomous regional people's procuratorate.

Xi Guanlu [1598 1639 4389] has been appointed chief procurator of the Baotou city people's procuratorate.

### Inner Mongolia Becomes Major Gold Producer

OW0408113993 Beijing XINHUA in English 0652 GMT 4 Aug 93

[Text] Hohhot, August 4 (XINHUA)—North China's Inner Mongolia Autonomous Region, known for its livestock products, is now turning into a major gold producer.

The vast grassland of Inner Mongolia is rich in mineral resources, including gold deposits.

Since the mid-1970s the local government has paid close attention to exploiting gold resources, with a total investment of 367.5 million yuan.

So far, one city and five counties in the region have been designated as major gold-producing areas and gold industry has become a profitable one, accounting for more than one percent of the region's total annual revenue and 25 percent of the total foreign exchange.

### Tianjin Secretary Attends Economic Work Meetings

SK0608052793 Tianjin TIANJIN RIBAO in Chinese  
12 Jul 93 p 1

[Excerpt] Over the past few days, the municipal party committee held the secretary office meeting, the Standing Committee meeting, and the enlarged Standing Committee meeting and the municipal party committee and the municipal government jointly held the meeting of major responsible comrades of party committees and governments of districts and counties to conscientiously study and firmly implement the major policy decision adopted

by the CPC Central Committee and the State Council on strengthening macroeconomic regulation and control and on doing the current economic work well. At the same time, measures for implementing this policy decision were adopted in line with the realities of Tianjin with a view to maintaining the good trend in the municipality's reform, opening, and economic development and to promoting the high-speed, steady, and sustained development of the national economy.

Gao Dezhao, secretary of the municipal party committee, and Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality, attended these meetings and made important speeches.

The meetings maintained: Inspired by Comrade Deng Xiaoping's important speeches and by the guidelines of the 14th CPC National Congress, the vast numbers of cadres and the masses have emancipated the mind and seized the opportunity to accelerate the pace of reform and construction. At present, the general economic situation of our country is good. However, in the process of development, while our country's economy continues to stride forward, some new contradictions and problems have also emerged. The analysis of the current economic situation made by the CPC Central Committee and the State Council conforms to the actual situation and the various measures on macroeconomic regulation and control adopted by them are extremely necessary and accurate. We firmly support them and will conscientiously implement them.

The meetings pointed out: Tianjin's economic situation is good. Generally speaking, economic operation is sound and normal. However, some difficulties and problems also exist in the course of accelerating development. By studying and implementing the major policy decision of the central authorities, we should enhance our understanding and further define the guiding ideology for economic work. We should implement Comrade Ding Xiaoping's important speeches and the guidelines of the 14th CPC National Congress in a positive, correct, and comprehensive manner and should integrate the emancipation of the mind with the seeking of truth. In doing economic work, we should seize the opportunity to accelerate development, and, at the same time, pay attention to maintaining stability and avoiding losses, grave losses in particular. We should focus our attention to accelerating development on deepening reform, changing mechanism, optimizing structure, and improving efficiency. [passage omitted]

### Northeast Region

#### Liaoning Implements Government Employee Dismissal System

OW0308013493 Beijing XINHUA in English 0043 GMT 3 Aug 93

[Text] Shenyang, August 3 (XINHUA)—Liaoning Province has become a national pioneer in introducing the government employee dismissal system, according to a provincial government official.

Yang Guang, an official of the provincial personnel department, said that provisional regulations governing the dismissal of government employees came into force earlier this year.

He said, "The dismissal system, a reform measure taken by the provincial authorities, is designed to invigorate the personnel system in government agencies and improve working efficiency."

Under the new regulations, office workers at and under the division and section level can be fired whether they work in the township or provincial government departments.

Yang said that employers may dismiss those neglecting their duties or violating rules and discipline of their work units, and yet refusing to mend their ways, and those failing to pass proficiency examinations for two successive years, but refusing to take new job assignments.

They can also fire those refusing to accept new job assignments in the current institutional restructuring; and those staying away from work for 15 days in a row or for more than 30 days a year.

In accordance with the regulations, employers can stop paying salaries and fringe benefits to dismissed workers within 30 days after the dismissal decision is made.

Meanwhile, a dismissed worker must finish handing over his job to his or her successor within 30 days after receiving dismissal notice.

Yang said that the provincial personnel department has formulated a set of rules relating to insurance payment to dismissed workers.

He explained that a dismissed worker will draw 80 percent of his original salary during the first year after his dismissal and 60 percent of his original salaries during the second year. However, his insurance payment will stop after the 24th month.

Dismissed workers should go to insurance companies to handle insurance payment procedures, he said. They may appeal to departments of supervision if they do not agree with the dismissal decision.

Yang said the provincial capital of Shenyang and Yingkou city have been successful in trying out the new dismissal system.

Nearly 500 government employees throughout Liaoning Province had been fired before the provincial authorities issued the provisional regulations governing the dismissal of government employees.

Liaoning Province has 130,000 government employees at and above the county level.

### Northwest Region

#### Ningxia Develops Nationalities' Economy

OW0508115393 Beijing XINHUA Domestic Service in Chinese 2137 GMT 2 Aug 93

[By reporter Shi Haibo (1597 3189 3134); Beijing XINHUA Domestic Service in Chinese at 1454 GMT on 3

August transmits a service message asking all newspapers to postpone using the following item "temporarily"]

[Text] Yinchuan, 3 Aug (XINHUA)—Over the last few years, Ningxia Hui Autonomous Region has adopted a series of effective measures to fully, flexibly, and properly use the central authorities' preferential policies toward nationalities' areas, achieving noticeable results in accelerating economic development in mountain areas in southern Ningxia, where the majority of inhabitants are of the Hui nationality.

About 63.9 percent of the Hui nationality in Ningxia, whose population is composed of a high percentage of that nationality, live in the Xihaiyu area, which is one of the country's old revolutionary bases and a minority nationality frontier area well known for its poverty. In 1982, the party Central Committee and the State Council decided to carry out the state's "Sanxi" special agricultural development project in Gansu's Hexi Corridor and Dingxi Prefecture and in Ningxia's Xihaiyu area, and, beginning in 1983, to appropriate 200 million yuan annually for the project. The Ningxia Regional CPC Committee and government adopted in a timely manner a string of comprehensive measures and waged an all-out war to help the poor and develop the area's economy.

Over the past decade and more, Ningxia has formulated a series of preferential policies to help the Hui nationality masses build up their strength, as well as policies to help the poor and to develop the economy. These preferential policies include: Residents of Xihaiyu had not been required to deliver and sell grain to the state for 10 years straight; the contract period for forestry and barren lands was extended to 50 years; waste mountains and lands were contracted to the masses for development; plots of mountain areas were designated for peasants' private use; grasslands were put under planned management; the right to use grasslands was assured; approval for investments with self-raised funds was relaxed; using 1991 tax revenue as the base number, the autonomous region plans to leave to respective counties extra tax revenues collected during the period from 1992 to the end of the current financial management system; the autonomous regional financial department took only 70 percent of the agricultural taxes collected from each mountain county, and the remaining 30 percent was at the disposal of each county; units organizing labor exports, construction enterprises, coal, and other mining enterprises, as well as other newly established enterprises, were asked to recruit more contract workers from local peasants. In addition, autonomous regional authorities also adopted many supplemental preferential policies and measures concerning the development of science, technology, education, culture, public health, and communications, as well as policies and measures concerning the nurturing and promotion of cadres of minority nationalities, which helped accelerate economic development in minority nationality areas. These preferential policies, measures, and regulations have created a favorable environment for development in minority nationality areas and have aroused the enthusiasm of minority nationality's cadres and masses.

Since 1983, the state has appropriated more than 34 million yuan annually to support Xihaigu's agricultural development and its efforts to help the poor. The autonomous regional authorities also have increased investment to areas mainly inhabited by people of the Hui nationality. The autonomous regional authorities have supported Xihaigu's efforts to develop enterprises making use of local resources by providing it with low-interest loans and loans that allow borrowers to pay interest in the form of deductions. Priority has been given to carrying out regional-level projects in mountain areas if these areas have conditions comparable to other areas. The autonomous region also has given priority to carrying out in Xihaigu projects using foreign low-interest loans and projects as foreign grants. In the last few years, Xihaigu has used funds provided by the state and autonomous regional authorities to build a number of industrial projects. Now, every county in Xihaigu has at least one backbone project invested in by autonomous regional authorities, thereby accelerating this area's industrialization process.

Xihaigu has organized local residents to migrate to other localities to seek better lives. It has developed uninhabited areas, simultaneously developed mountain and irrigated areas, and established settlement bases of various forms. Over the past decade, Xihaigu has resettled a large number of people in a systematic and planned manner—resettling people of the Hui nationality in extremely poor areas to areas along rivers so that they can rebuild their homes and develop production work. So far, 15 settlement bases have been established in Xihaigu, 460,000 mu of land has been cultivated, and 146,000 people have been resettled. In 1992, the per capita net income of 80 percent of the resettled peasant households reached 350 yuan, and their per capita grain production was 350 kg.

Over the past decade, the autonomous regional CPC Committee and government have consistently regarded infrastructural construction, irrigation development, and improving basic production and living conditions as a fundamental measure for improving the livelihood of the Hui nationality. During the last 10 years, in addition to using the "Sanxi" fund and other funds to complete a large irrigation project—the Guhaiyangshui Project and its supporting irrigation projects—Xihaigu has built more than 70 other irrigation and water conservancy projects, increased over 500,000 mu of irrigated land, created 2.72 million mu of afforested land, cultivated saplings on 1.47 million mu of mountain area, cultivated grass on 6.48

million mu of land, harnessed 151 small rivers, brought soil erosion on 3,955 square km of land under control, built 85 drinking water projects for humans and animals, and installed 8,920 km of electric power lines for agricultural production use. As a result, ecological conditions in Xihaigu have begun to improve.

Currently, the economy continues to develop in mountainous areas in southern Ningxia that are mainly inhabited by the Hui nationality, and local people's daily basic needs have essentially been met. Compared with 1982, grain production in these areas in 1992 increased 2.1 times, the output of oil-bearing crops increased more than 200 percent, peasants' per capita net income increased 1.9-fold, per capita grain consumption increased 1.5 times, and the percentage of peasant households that do not have enough to eat and wear dropped from more than 70 to about 10.

#### Xinjiang Province Speeds Up Airport Construction

OW0508074493 Beijing XINHUA in English 0656 GMT 5 Aug 93

[Text] Urumqi, August 5 (XINHUA)—Work has started on the construction or enlargement of several large airports in northwest China's Xinjiang Uygur Autonomous Region.

In addition, more routes are planned and the frequency of flights will be increased, according to local officials.

Airports being built or renovated include Urumqi and Kashi International Airports.

More than one billion yuan has been earmarked for the construction.

As a key national project during the Eighth Five-Year Plan (1991-1995), upgrading of Urumqi Airport started a few days ago and is expected to be completed in three years. Then the airport will be able to receive large planes such as Boeing 747-400s and DC-11s, and handle 31,250 flights, 41,350 tons of cargo and 4.05 million passengers a year.

Kashi Airport, approved for transformation into an international airport by the State Council in May this year, is also currently undergoing an overall transformation.

In the past few years the Xinjiang Airline Corporation has opened 29 domestic air routes and two international routes. It plans to open new routes to some big cities in Russia this year.

**Article Views Taiwan's Bid to Return to UN**  
*HK0608050893 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 29, 19 Jul 93 p 25*

[Article by Ouyang Heng (2962 7122 5899): "On Taiwan 'Reentering the United Nations'"]

[Text] Recently there has been noise on the Taiwan island raging about "reentering the United Nations," and the authorities have made it the "most important target for present diplomatic work," declaring that they will bring this problem to a "conclusion" within two to three years time and expecting general attention and serious consideration from the international community. A veteran Taiwan politician went so far as to play again the time-honored theme of "one country, two seats," claiming that the "right to represent China in the United Nations remains an unsolved problem." The truth is, it is all unrealistic illusions for Taiwan whether the Taiwan authorities want to "reenter" or "join" the United Nations or become a UN observer member.

The UN Charter provides that the United Nations is an intergovernmental organization comprised of sovereign powers. On the principles of international law, a country can have only one undivided sovereignty, and one legitimate government to represent the sovereignty of the country in question and participate in the United Nations and other intergovernmental organizations. On October 1949, the Chinese people overthrew the reactionary rule of the Chiang Kai-Shek clique and established the PRC. China's seat in the United Nations should be occupied by the PRC Government, which represents Chinese sovereignty. It is solely through the obstruction of some countries which had remained stubbornly hostile to China that the seat was illegally occupied by the Taiwan authorities for 22 years. On October 1971, the UN General Assembly passed with an overwhelming majority Resolution 2758 restoring the PRC's legal seat in the United Nations and expelling the Taiwan authorities from the United Nations and all its agencies. The problem of China's right to be represented in the United Nations was thus completely solved. As one of China's provinces, Taiwan is an inalienable part of China and, as such, has neither the legal basis for "reentering the United Nations" nor the qualification to enter it.

One hundred and fifty-six countries all over the world recognize the PRC Government as China's sole legitimate government and Taiwan as part of China, and have on this basis established official diplomatic ties with China. China is one of the permanent members of the UN Security Council, and 153 of the 183 current UN members have diplomatic ties with China, compared with the 24 that

maintain so-called "country-to-country ties" with Taiwan. This is the reality facing the Taiwan authorities in seeking to "join the United Nations." And what does such a reality mean?

First, if Taiwan wants to "return to the United Nations" under the name of "Republic of China," it will in effect be bringing up the problem of the right to represent China, which will be an attempt to revoke the UN Resolution 2758, an obviously doomed attempt.

Second, if Taiwan wants to enter the United Nations as a "new member," then, according to the UN Charter, the petition must be reviewed by the Security Council, agreed on by all of the nine council members, including the five permanent council members, before the council can pass the petition to the General Assembly. Accepting a new member state is counted as an "important event" and requires a two-third majority of the assembly. But whatever this "new member" is called, such a situation will in fact amount to the "independence of Taiwan." As a permanent member of the Security Council having the veto right, China will never consent to it.

Third, as one of China's provinces, Taiwan not only is not eligible for "joining the United Nations," but cannot even qualify as a UN observer. According to UN conventions and practices, in general there are three kinds of observers: Nonmember states (for Switzerland), and intergovernmental and people's liberation organizations. In other words, only nonmember states, intergovernmental or regional organizations are qualified to apply to be UN observers. Obviously, Taiwan does not belong to any of them. Taiwan is daydreaming if it wants to apply to become a UN observer.

Summing up the reasons stated above, it is impossible for Taiwan to enter the United Nations under whatever name and in whatever way. The real intention of the Taiwan authorities in publicly advocating "reentering" or "joining" the United Nations knowing that it is impossible, is to seek an "independent political status" in the international community, that is, creating "two Chinas" or "one China, one Taiwan." Even people with perception on the island are doubting the authorities' approach, believing that it will split the country and create "one China, one Taiwan," which contradicts the fundamental interest of the Chinese people and will be firmly opposed by all Chinese people, including the 20 million Taiwan compatriots. We hope that the Taiwan authorities will take the national cause as the primary consideration and stop all ridiculous speeches and action about "reentering," which is only a gross deception. Because people will not be fooled by it, the Taiwan authorities had better stop it.

**Officials Discuss Cable TV Law, U.S. Stance****U.S. Action Viewed***OW0508113193*

[Editorial Report] Taipei CHING CHI JIH PAO on 17 July, page 2, carries an item in which Hsiao Wan-chang, chairman of the Council for Economic Planning and Development [CEPD], said on 16 July: "The Special 301 Provision of the U.S. Omnibus Trade Act was enacted to improve the protection of intellectual property rights in various trading countries; it was not enacted to seek investment liberalization. Protection of intellectual property rights should not be placed on a par with investment liberalization. Therefore, the United States should not carry out trade reprisals if our Cable Television Law does not permit foreign investment."

After pointing out that "our country has worked harder than the United States has expected," Hsiao Wan-chang stated: "The United States will be 'stretching the interpretation on the Special 301 Provision' if it threatens to use trade reprisals under the provision to demand that we include clauses permitting foreign investment in our Cable Television Law. The United States should understand that executive departments cannot intervene with the operations of legislative departments." He added: "The Cable Television Law only permits five stations in every area. Even if they are allowed to invest, foreigners will only reap limited profits because the market is limited. On the other hand, U.S. businessmen will stand to gain from the Establishment of cable television stations because demands for U.S. movies and videos will grow as the stations try to fill extended air time."

**Minister: Law Should Help U.S.***OW0508113193*

[Editorial Report] Taipei CHING CHI JIH PAO on 18 July, page 2, carries an item in which Economic Minister P.K. Chiang said on 17 July that with the timely passing of the Cable TV Law by the Legislative Yuan, he believes the United States will not take retaliatory trade action against Taiwan. However, as the bill contains provisions that restrict foreign investment, it will become a focus of future intellectual property rights consultations.

P.K. Chiang stressed: Our administrative departments have done their best. In effect, he added that after the Cable TV Law is enacted, and once a cable television station is established, the United States will reap much benefit from it. The government will explain its position to the United States through appropriate channels.

**Taiwan Promises Loan to Philippine Delegation***OW0608101793 Taipei CNA in English 0756 GMT 6 Aug 93*

[Text] Taipei, Aug. 6 (CNA)—Close cooperative ties between the Philippines and the Republic of China [ROC] will not only benefit the two countries, but will also

contribute to economic development of the Asia-Pacific region, ROC Minister of Economic Affairs P.K. Chiang said Friday [6 August].

Chiang added that Taipei will form a Subic Bay development task force to develop the former US naval base in the central Philippines into an industrial and manufacturing zone.

Chiang made the remarks during a keynote speech at the second ROC-Philippines ministerial economic cooperation meeting which opened Friday morning at the Ministry of Economic Affairs.

The one-day meeting was jointly officiated by Chiang and his Filipino counterpart Rizalino Navarro, secretary of trade and industry.

Topping the meeting's agenda Friday was the signing of a formal agreement on the Subic Bay development project.

Under the agreement, Taipei will provide a US\$20 million soft loan for the project and help train 700-800 technical personnel.

In exchange, Manila will set aside a 300-hectare parcel of land in the bay area for the project.

The meeting also discussed plans for cooperation in agriculture, fishery, trade, labor and other fields.

Secretary Navarro urged Taiwan to step up purchases from the Philippines as the trade imbalance between the two countries continued to increase.

Taiwan's exports to the Philippines last year totaled more than US\$1 billion, compared to US\$300 million in imports, he said.

**Trade With ROK Increases in First Half of '93***OW0508113493*

[Editorial Report] Taipei CHING CHI JIH PAO on 26 July, page 2, carries an item on Taiwan's trade with the Republic of Korea, which continued to grow during the first half of 1993 despite the severance of diplomatic relations between the two countries. From January to June 1993 the total amount of bilateral trade reached \$1.89 billion, increasing by 6.7 percent as compared with the same period of 1992. Lin I-fu, deputy director-general of the Board of Foreign Trade of the Ministry of Economic Affairs, said: "The growth of bilateral trade between the Republic of China and the Republic of Korea, despite the severance of diplomatic relations between the two countries for nearly a year, is mainly due to the demand from the civilian sectors." During the first half of 1993, the total amount of imports from the Republic of Korea was \$1.26 billion, representing an increase of 11.6 percent over the same period last year. The total amount of exports to Korea was about \$630 million, an increase of 6.4 percent over the same period last year. According to an estimation by the Board of Foreign Trade, Taiwan's unfavorable trade balance with the Republic of Korea may exceed \$1.3 billion for the entire year, greater than the \$1.1 billion unfavorable trade balance with the Republic of Korea last year.

**Officials Discuss Trade Balance With Mainland**  
*OW0508114093*

[Editorial Report] Taipei CHING CHI JIH PAO on 28 July, page 3, carries an item on a report reviewing cross-Strait contacts over the years, given by Huang Kun-hui, chairman of the Mainland Affairs Council, on 27 July. Huang told the Kuomintang Leading Group for PRC Work that the total indirect trade volume between the two sides of the Straits over the past five years has exceeded \$26 billion, and that Taiwan has an \$11 billion trade surplus. However, if all the spending done during 5 million visits to the PRC by Taiwan residents, if investments by Taiwan businessmen, and if indirect remittances to the PRC are taken into account, then Taiwan actually has a deficit with the PRC. Cross-Strait economic contacts may have opened new markets for Taiwan businesses, but in the long run Taiwan's economy as a whole will probably lose its competitiveness on the world market. Frequent cross-Strait economic contacts have also had an impact on unity within Taiwan, as some people pressure the government on behalf of their own interests. In view of these facts, the government will rectify cross-Strait economic and trade by giving Taiwan businessmen more guidance and assistance, and by providing the PRC with Taiwan's experience, which Beijing needs for economic development. This experience encompasses comprehensive land reform, education, and democratic reform.

Taipei CHING CHI JIH PAO on 29 July, page 2, carries an item on Taiwan's economic situation in the first half of 1993. On 28 July the Ministry of Economic Affairs [MOEA] released an analytical report stating: The pace of Taiwan's industrial production and export has slowed due to its dependence on the PRC; the economic growth rate for the first six months is 6.05 percent. Taiwan had an \$8 billion trade surplus with Hong Kong in the first half of the year. Hong Kong has now replaced the United States as the largest importer of Taiwan goods. By the end of June, total bank deposits in Taiwan increased by 13.48 percent, an all time low since May 1991. With significant capital outflow

to the PRC, the money supply is restricted in Taiwan, and this affects domestic industrial and commercial vigor.

The export value of heavy industry products amounted to \$21.4 billion in first half of 1993, accounting for 51.2 percent of Taiwan's total exports; its ratio of industrial production accounted for 61.15 percent of the manufacturing sector. Investments have also turned upward, with private investment growing by 16.22 percent over the same period last year, government investment increasing by 15.23 percent, and investment by state enterprises growing by 6.57 percent. Taiwan expects an increase in exports in the second half of 1993 due to the new Taiwan dollar's depreciation against the U.S. dollar, the Japanese yen, and the deutschmark. The government's economy-revitalization program and Six-Year National Construction Project should promote increases in public projects and spur private investment.

Taipei CHING CHI JIH PAO on 30 July, page 2, carries an item on a report given on 29 July by Hsiao Wan-chang, chairman of the Council for Economic Planning and Development under the Executive Yuan, at a cabinet meeting about the current economic situation in Taiwan. He said: "Our country's economic growth has maintained a steady pace at medium speed. The annual growth rate during the first half of 1993 was estimated at 6.1 percent, the same rate as last year." He added: "Due to the slow growth of exports and the rapid increase in imports, our country's favorable trade balance for the entire year will be less than \$9 billion, the lowest over the past 10 years."

Hsiao said: "According to an estimate, our unfavorable trade balance with Japan for the entire year may reach \$15 billion, while our favorable trade balance with Hong Kong may reach \$17 billion, both setting all-time records. During the first half of 1993, our country's total amount of export was \$41.9 billion, increasing by 5 percent over that of last year; total imports were \$38.6 billion, increasing by 11.3 percent over last year. Our favorable trade balance during the first half of 1993 was \$3.3 billion, decreasing by 37 percent as compared with that of the same period in 1992."

## Hong Kong

### Wan Li Discusses Press, Political Reform

HK0608110993 Hong Kong CHENG MING in Chinese No 190, 1 Aug 93 pp 14, 15

[Article by Tsung Lan-hai [1350 5663 3189]: "Wan Li on Hong Kong Press and Political Reform"]

[Text] How many reactionary newspapers are there still in Hong Kong?

How many reactionary journals are there still in Hong Kong?

How will the CPC deal with these newspapers and journals in 1997?

Different views appear at the high level of the CPC.

It is said that Wan Li's views are different from the "traditional ones."

### Wan Li: Do Not Draw Hasty Conclusions on Hong Kong's Newspapers and Journals.

While meeting high-level people of the Chinese press circles at the Beijing Hotel in the middle of June, Wan Li answered questions raised by those at the meeting concerning newspapers and journals in Hong Kong. He said he had read Hong Kong's newspapers and some journals and had asked government departments and departments in charge of publications not to draw hasty conclusions on Hong Kong's newspapers and journals or to say which one is patriotic and which one is reactionary. He said we should let the people make their own appraisals. Wan Li also said that in the past, both sides of the strait accused the publications of the opposite side of being reactionary and that this standard should be changed. He said that first of all, our leading departments and the departments in charge of publications should pay attention to these questions. Wan Li also talked about the import of newspapers and journals from Hong Kong. He said that he personally thought that all books and newspapers could be imported, with the exception of books and newspapers depicting pornography and violence, and those that were harmful to the unity of the People's Republic of China. He said, however, that the inspection system was necessary, but the standards should be revised.

If Wan Li's views have not been wrongly reported, I think they are welcome by Chinese at home and abroad.

### "The Chief Factor of Turmoil Is Corruption"

Regarding the question of political reform, Wan Li recently also put forward views different from those (at the high level of the CPC).

The Political Bureau of the CPC Central Committee held an informal discussion meeting of old comrades on 29 June to celebrate the 72d founding anniversary of the CPC. The meeting was held in the Shanghai Hall of the Great Hall of the People and was chaired by Jiang Zemin. Most of the members of the Standing Committee of the Political Bureau, members of the Political Bureaus, and

old comrades in Beijing attended the meeting. Wan Li made a speech at the meeting, the outline of which is as follows: The most acute and conspicuous problem within the party at present is corruption in party and government departments. The problem with which the people and noncommunist personages are most concerned and on which most of their complaints are concentrated is corruption of party and government cadres. If, by any chance, turbulence occurs in the future, the chief factor is also corruption. While celebrating the party's birthday today, we should ask: What enabled the CPC to defeat the Kuomintang? Why did the Kuomintang collapse? It was nothing more than that the CPC relied on the people and enjoyed their support, while the Kuomintang did not have any support among the people; it was bureaucratic and corrupt, thus courting its own destruction. If a ruling party in a capitalist country is corrupt, it steps down because it does not have the people's support. In the same way, if we cannot do the things with which the people are most concerned and cannot solve the problems on which people's complaints are most concentrated, our party's cause is doomed to failure and our party even will be unable to lead the people into the next century. We should have a sense of mission and also should have a sense of crisis in administering the country. At present, the heavy load falls on the central leading body.

### Resistance Comes From Party and Government Leading Strata

The Political Bureau held its plenary session at the end of July 1989. At the meeting, seven things to be done were announced to people at home and abroad in the name of the CPC Central Committee and the State Council. They involved demands on leading cadres and stressed that leading comrades of the CPC Central Committee and the State Council should take the lead. Four years have passed, and it is quite necessary to make a review. Things did change, but very soon corruption spread again. The crucial issue at present is that serious corruption is not confined to a small number of party and government departments, but is found in a considerable number of party and government departments. Of the seven things decided to be carried out four years ago, with the exception of three, they have not been effectively done. In particular, the item concerned with sternly and seriously investigating cases of corruption, accepting bribes, and profiteering, and with punishing the criminals involved was only very inefficiently carried out. There is still some resistance in upholding the principle that all citizens are equal before the law. The resistance comes from the party and government leading strata. For this reason, the solemnity of the law has been damaged. To date, some leading cadres still treat lightly the crises within the party at present. This is a very dangerous stand. It is quite possible that nation-wide waves of protests may break out when the people find they can no longer bear corruption and degeneration in party and government departments.

In the final analysis, reform of the political structure is the key to resolving the problem of the exercise and limitation of power. The problem of government officials abusing

power to exploit the people or using power indiscriminately exists both in socialist China and in countries with a capitalist system: Japan, the United States, and the UK.

#### **Tentative New Ideas on Reform of the Political Structure**

Central and local party and government departments and leading strata at all levels should conscientiously accept the supervision of people's congresses at corresponding levels. That the National People's Congress (NPC) is the organ of supreme power should be really defined in the Constitution. The NPC should have the right to examine and deliberate the general and specific policies of the ruling party and should have the right to make proposals to CPC committees at corresponding levels or to the CPC Central Committee on dismissing unqualified cadres of CPC committees, including members of the Political Bureau. Comrade Xiaoping made a proposal in 1985 and the question was discussed at the Political Bureau and the Secretariat, but there were different views and it was decided that the structure of and relations between the CPC Central Committee and the NPC should be readjusted gradually.

Wan Li's speech includes tentative new ideas on reform of the political structure which were disclosed for the first time by the high level of the CPC at an informal meeting of the CPC Central Committee. The author was afraid that the last part of Wan Li's speech quoted above might be wrongly reported and it was impossible to make any verification. However, a senior cadre confirmed it with certainty. Another scholar held that even if the NPC is vested with power over the party, it possibly will be something superficial. He said, "Where did the power of the NPC originate? Isn't it a joke to let NPC deputies, who are appointed—or appointed under disguise—by the CPC, exercise this power?" After a short exchange of views, we came to the same understanding: Only if NPC deputies are selected by the people through election and only if the CPC is willing to abolish the principle of "upholding CPC leadership" can the NPC and its power be of a popular nature and legitimate. We doubted the possibility of realizing Wan Li's ideas, and doubted even more the possibility of a thorough change of the NPC on the basis of democracy.

#### **NPC Standing Committee Demands Cadres at a High Level Make Public the Economic Situation of Their Families**

Of course, the NPC and its Standing Committee are not a monolithic bloc. Under the impact of air currents from outside, some NPC deputies already have the inclination or feeling of not allowing themselves to be the docile tools of the party or allowing the NPC to act as a rubber stamp. Some deputies have demanded that the NPC realize and give play to its function of supervising the government. At a meeting of the NPC Standing Committee held on 24 June, nine members of the NPC Standing Committee jointly put forward to Qiao Shi that members of the Political Bureau of the CPC Central Committee, members of the CPC Central Committee, members of the NPC Standing Committee, and cadres at the levels of ministers

and vice ministers of various ministries, commissions, and offices of the central authorities should make public to the whole country the political, economic, work and study situations of their families in order to let the people exercise supervision over them, that only in this way can the natural color of public servants serving the people be manifested, and that the publicity will play an active role in changing the phenomena of corruption, privilege, and bureaucracy in the party and government.

At the meeting, Tian Jiyun said that since the matter involves an extensive scope, the Central Committee was studying the measure and the matter itself is an aspect of the political reform.

If officials can make public the situation of their personal and family property, such a move naturally will play an "active role" in preventing and cracking down on corruption and fraudulent practices. This is a test for the CPC but Tian Jiyun's response shows that the CPC does not like it. How many rational ideas are suppressed with the term "studying!"

#### **Quite a Few Senior Cadres Have Contracted the Disease of Political Apathy**

In any case, it is deserving of praise to put forward the proposal that high-level cadres should make public their financial situations. Many officials lack a sense of democracy and the courage to carry out reform. Moreover, they have contracted the disease of political apathy. Some statistical figures are shocking:

An internal report of the CPC Central Committee Propaganda Department dated 21 June says: A survey has been carried out on 460 cadres at and above the department-head level in 12 ministries and offices under the State Council and in 20 departments, offices, and bureaus under the Beijing Municipal CPC Committee and Government. It has been found that 335 of them do not read newspapers regularly or basically do not have the habit of reading newspapers. Only 100 of them have the habit of reading newspapers, and 52 of them have subscribed to RENMIN RIBAO, GUANGMING RIBAO, or BEIJING RIBAO.

In a "Test on International and Domestic Current Affairs" conducted in the beginning of June by the All-China Federation of Trade Unions among 500 cadres in subordinate trade unions, nearly 400 did not know about the "Wang-Gu Talks," and more than 220 did not know that Clinton is U.S. President. Another question was: The CPC held another national congress last year; how many congresses has the CPC held altogether? Nearly 100 of them gave an incorrect answer.

The causes of not reading newspapers and not actively understanding major state or national affairs are complicated. Some people are politically apathetic; others have lost their confidence in the CPC; and quite a few others are totally uninterested in the party's mouthpieces, which tell lies, and are quite disgusted with political propaganda. In addition, some other people are occupied with taking up another occupation or doing business. Of course, this

situation can change. What a journalist of the older generation said is correct: "If there is a nongovernment newspaper that does not speak in a bureaucratic tone, but tells the truth, I believe that all those who are suffering from the disease of political apathy will become readers of that newspaper."

**Daily on Garrisoning, Early Recovery of Territory**  
**HK0508134093 Hong Kong CHENG MING in Chinese No 190, 1 Aug 93 pp 16-18**

[Article by Fan Chun (5400 0689): "Garrisoning Hong Kong and Early Recovery"]

[Text] The remarks made by some senior CPC leaders on the question of the garrisoning and early recovery of Hong Kong are on no account impromptu. Instead, they are of a strong policy nature and represent decisions made in accordance with Deng Xiaoping's supreme instructions and after conscientious consideration and study of the Hong Kong situation.

**TUNG HSIANG First Reported Preparatory Work for Garrisoning Hong Kong**

In late June, on the basis of materials provided by sources within the PRC military, I wrote a report entitled "The Inside Story on Garrisoning Hong Kong" published in the TUNG HSIANG monthly. That report touched off a strong multilevel chain reaction:

The first level: The Hong Kong, Taiwan, U.S., and Canadian media attached great importance to the report and reprinted it.

The second level: The Hong Kong people also attached great importance to the report and raised quite a few questions to the Chinese authorities with regard to it.

The third level: The CPC hierarchy paid much heed to the views of the Hong Kong people. On 16 July, Xu Huizi, People's Liberation Army [PLA] General Staff deputy chief, answered some questions raised by Hong Kong reporters in an apparent attempt to put the minds of Hong Kong people at ease (according to TUNG HSIANG, Xu Huizi has been appointed chief of a leading group in charge of the work of stationing troops in Hong Kong in 1997).

The fourth level: The Hong Kong people felt uneasy about stationing troops in Hong Kong and gave divergent responses to General Xu's explanations.

In the TUNG HSIANG report, I disclosed that the CPC set up in mid-May a leading group in charge of the work of stationing troops in Hong Kong in 1997, and appointed Xu Huizi as its chief and Lei Mingqiu, Guangzhou Military Region deputy political commissar, and Wu Quanxu, PLA General Staff assistant chief, as its deputy chiefs. The leading group, which has five departments, one general office, and more than 60 staff members, is now operating in the Guangzhou Military Region. The TUNG HSIANG report also revealed that the CPC plan for stationing troops in Hong Kong is referred to as the "5.22 Garrisoning Plan" (The CPC Political Bureau officially declared the establishment of the leading group on 22 May). In

accordance with the plan, more than 200 military and political cadres were transferred from various units and reported for duty in the Guangzhou Military Region on 18 June. Beginning 23 June, they embarked on a six-month policy and task study activity centering on the PRC Constitution, the Sino-British Joint Declaration, the Basic Law, Hong Kong's system and laws, as well as English and Cantonese. Xu Huizi Wanted the Hong Kong People To Be Ideologically Prepared [subhead]

Xu Huizi's remarks were basically identical to the TUNG HSIANG report: The troops to be stationed in Hong Kong will undergo long-term training and will learn state laws, Hong Kong laws, English, Cantonese, and so on.

Although his remarks were not as specific as the TUNG HSIANG report, when asked by reporters, Xu Huizi did declare for the first time that the PLA will be stationed in the urban areas and on the outskirts of Hong Kong.

As a result, "The PLA will be stationed in the urban areas of Hong Kong" immediately became the headlines of all Hong Kong, Taiwan, U.S., and Canadian newspapers. It was learned that the relevant CPC Central Committee and State Council departments also have received reports from Hong Kong, indicating strong reaction from the Hong Kong people. Many Hong Kong people are worried about stationing the PLA troops in the urban areas of Hong Kong. Ironically, some cadres in various State Council departments also are worried about stationing troops in the urban areas of Hong Kong. They recalled that several years ago, in order to dispel the misgivings of the Hong Kong people over the issue of "stationing the PLA troops" in Hong Kong, Geng Biao stated that the PLA will not be stationed in Hong Kong. Now Xu Huizi not only explicitly stated that the PLA will be stationed in Hong Kong and that the troops to be stationed in Hong Kong are undergoing training at the moment, but also made it clear that the PLA will be stationed in the urban areas of Hong Kong. These cadres believed that General Xu Huizi has uttered some premature remarks. Nonetheless, some people held that General Xu spoke the truth and wanted the Hong Kong people to be ideologically prepared. General Xu has done nothing wrong. He just followed Deng Xiaoping Thought (years ago, Geng Biao was severely criticized by Deng Xiaoping for having said that the PLA will not be stationed in Hong Kong)! A famous Beijing intellectual has made even more interesting remarks: "There is nothing to fear. When the PLA first entered Beijing, they sang the 'Three Main Rules of Discipline and Eight Points for Attention' song and did good things for the citizens with a broad smile on their faces. Although there was no such a good example as Lei Feng at that time, all of them acted as real Lei Fengs. In the future, what the Hong Kong people also will see at the start are soldiers who cherish them. What are they afraid of? Of course, at the moment, they are worried, not only about stationing troops in Hong Kong but also..."

### **Qian Qichen Talks about Early Recovery Under Six Situations**

In fact, compared with the big shock, stationing troops in the urban areas of Hong Kong is only "a small shock." The big shock refers to the PRC's recovery of Hong Kong ahead of schedule. Nonetheless, the big shock is now over. Jiang Zemin, Li Peng, Qiao Shi... have all stated: "..., we would implement one country, two systems ahead of schedule." However, the shadow has been looming overhead to date: In mid-June, the State Council held a meeting at which Qian Qichen talked about the possibility of recovering Hong Kong ahead of schedule under the following six situations:

1. Should the UK continue to proceed with "three violations"—violation of the Sino-British Joint Declaration, violation of the Basic Law, and violation of a series of agreements and understandings reached between the Chinese Government and the British Government—and try to instigate turmoil in Hong Kong;
2. Should the UK invite foreign forces to intervene in or interfere with the Hong Kong affairs and turn Hong Kong into a political city;
3. Should the UK support Hong Kong-based extremist anti-PRC organizations and politicians in creating disorder in Hong Kong;
4. Should incidents and activities aimed at opposing the central government and overthrowing the central government leadership break out in Hong Kong;
5. Should a large-scale turmoil seriously threatening life and property break out in Hong Kong;
6. Should Hong Kong plunge into anarchic disorder, thereby putting in jeopardy the basic livelihood and work of citizens.

### **The State Council Policy Research Department Report**

Repeatedly stressing a view day by day is to bring pressure to bear upon the other party during negotiations. Certainly, should Hong Kong plunge into large-scale disorder, it is highly probable that the PLA will march into Hong Kong, singing "Marching Ahead, Marching Ahead," a song for which Composer Zhen Lu became well-known. Neither Jiang Zemin nor Qian Qichen made impromptu remarks. What they have said is of a strong policy nature and represents decisions made in accordance with Deng Xiaoping's "supreme" instructions, and after conscientious consideration and study of the Hong Kong situation. A number of departments have been involved in the research work. One of them is the State Council Policy Research Department.

On 5 July, the State Council Policy Research Department submitted to the Chinese Foreign Ministry and the State Council Hong Kong and Macao Affairs Office a report entitled "Analysis of and Proposals on the Hong Kong Situation." The report is divided into three principal parts:

- 1) The Change of British Policy Toward China and its Background; 2) Five Possible Developments of the Hong Kong Situation; and 3) The Urgency and Importance of

Preparatory Work. Li Hou, a former official of the State Council Hong Kong and Macao Affairs Office, as well as Zheng Hua and Wang Pingqiang, former XINHUA Hong Kong Branch deputy directors, have either personally written or offered opinions on the report. Former Chinese ambassador to the UK as well as experts on European, U.S., and Hong Kong affairs also were involved in the relevant discussions and study.

### **Five Possible Developments Anticipated on the Hong Kong Question**

The second part of the report anticipated five possible developments on the Hong Kong question:

1. The UK will return to the three conformities, restore friendly relations and mutual trust with China, and guarantee a smooth transition in Hong Kong;
2. By flaunting such banners as "public opinion" and "democracy," the UK will stick to Chris Patten's political reform package marked by three violations, carry on confrontation with China, and change Hong Kong's executive-led structure, thus depriving Sino-British cooperation of a fine atmosphere and necessary conditions, directly jeopardizing Hong Kong's economic environment, and forcing China to take up the matter with the UK and make relevant preparations;
3. By making use of the influence of U.S. hegemonism and power politics, the UK will try to turn Hong Kong into an anti-PRC and antisocialist stronghold, as well as a bridgehead through which the West will be able to infiltrate, subvert, and sabotage China; namely, into a so-called "political city" or "international political city," with an eye on extending the British-style colonial rule in Hong Kong beyond 1997 and exploiting the different political systems in Hong Kong and the hinterland. Moreover, the UK will try to make every possible endeavor to foster and support Hong Kong-based pro-British forces, including pro-British ultra-right forces, and help them enter the Hong Kong Legislative and Executive Councils or appoint them to vital posts within the British Hong Kong Government so that this group of people will become a backbone force opposing the central government in the future, thereby thoroughly undermining the basis of one country, two systems;
4. The British authorities will try to play the public opinion card and tear up the Sino-British Joint Declaration. Economically, it will play the "livelihood" card and use up all government financial reserves. As a result, Hong Kong will suffer from an economic depression and become an awful mess. Just as some ultra-right anti-PRC organizations have demanded: Do not leave a cent for the future special administrative region government. If this happens, the already tense Sino-British relations inevitably will deteriorate into a showdown, forcing China to recover Hong Kong ahead of time.
5. The British authorities will carry on three violations and deliberately encourage the Hong Kong-based pro-British and anti-PRC organizations and forces to collaborate with

foreign governments or foreign political forces in instituting political and economic turmoil and creating disorder in Hong Kong. If this happens, China will promptly recover Hong Kong ahead of time.

#### **The Report Becomes Extracurricular Teaching Material of Central Party School**

Jiang Zemin, Qian Qichen, and Ji Pengfei all have spoken highly of the abovementioned State Council Policy Research Department Report.

Jiang Zemin said: "As a comprehensive report, it has brought home the reasons why the UK has stirred up trouble. Ji Pengfei stated: "We are indeed waging a struggle against colonialists who are trying to sustain their rule. This is on no account a simple question." Qian Qichen noted: "We have read the analysis and proposals and are working in this direction. After revision, the report can serve as good teaching and reference material for the relevant departments." Qiao Shi stated: "The report can serve as extracurricular teaching material for the Central Party School and various provincial party schools."

The abovementioned famous Beijing intellectual said aptly: What the Hong Kong people fear are not only the troops to be stationed there, but also the "four cardinal principles," "Communist Party leadership," and "proletarian dictatorship"!

#### **Official Expects PRC To Pass Antidumping Laws**

HK0408033093 Hong Kong *THE STANDARD* in English  
4 Aug 93 p 17

[Report by Peta Firth]

[Text] China is believed to be drawing up anti-dumping legislation to control imports and shrink its trade deficit, putting into question the future of Hong Kong's re-export trade. Director-General of Trade Tony Miller said he believed China's Ministry of Foreign Trade and Economic Cooperation (Moftec) was drafting the legislation. But it was too early to say whether Beijing would use the law against Hong Kong or if it would affect the territory's reexport trade.

"We do not have a problem with anti-dumping per se. The problem is not with the code, it is with the abuse of the code," Miller said. "We have a problem with anyone who uses anti-dumping against Hong Kong, which is one of the most open economies in the world." Miller claimed Moftec's legal advisers were seeking advice from lawyers in countries which already had anti-dumping legislation in place.

In theory, anti-dumping tariffs can be imposed on a country suspected of flooding another with cheap products, jeopardising local producers. In practice, Miller said, the tariffs were often used as a smokescreen to protect inefficient local producers and reduce trade deficit figures. He described anti-dumping as an "infectious disease" likely to spread all over the world including to South Korea, Japan and China.

S.G. Warburg chief regional economist Enzio von Pfeil said he was not surprised to hear China was drafting anti-dumping rules. "It is great that they are beginning to go down the legal road more," he said. He said Chinese Vice-Premier Chiao Shi told a trade meeting in Singapore earlier this month that he wanted to introduce more legislation to govern trade on the mainland.

"China is trying to protect its domestic market (because) its trade account is going into deficit," Hang Seng Bank senior economist Joanne Yim said. She warned that China wanted to reduce its imports, and anti-dumping laws could be used for such purpose.

But Daryl Ho, an economist with Nomura Research Institute, was optimistic any anti-dumping rules introduced by China would not damage Hong Kong. "This is more a symbolic gesture than a substantive measure," Ho said. "China wants to have a stronger bargaining position and this will just be a way for them to bargain." China was unlikely to use anti-dumping laws as a protectionist measure because it already had adequate protection for its inefficient state-owned industries, he said.

G.K. Goh Securities economist Jane Brooks did not believe China would implement anti-dumping laws too quickly, if at all. "China needs to get all sorts of other legislation on its books before it does this," she said. "The country does not even have a company law or a securities law yet." She predicted that any dumping laws would be directed against the U.S. as a possible retaliation for its protective measures and as a bargaining chip in next year's talks on its most-favoured-nation trade status.

Miller said the spread of anti-dumping legislation to China and other economies might be a good thing. He said it would teach economies such as the United States and the EC what it was like to have anti-dumping tariffs erected against their domestic exporters. The tariffs could make the EC and the U.S. more amenable to tightening anti-dumping legislation in the Uruguay round of the General Agreement on Tariffs and Trade, he said.

#### **Daily Says Hong Kong, Shenzhen To 'Merge'**

HK0208021093 Hong Kong *SOUTH CHINA MORNING POST (BUSINESS POST)* in English 2 Aug 93 p 4

[Unattributed Report]

[Text] Shenzhen and Hong Kong will merge to form one giant city after 1997, but each will retain its own distinctive role, according to property analysts. Hong Kong will serve as the financial heart of the region, while real-estate demand in Shenzhen will be more focused on wholesaling and retailing activities, analysts predict.

Meanwhile, cities to the north of Shenzhen, such as Dongguan and Huiyang, will concentrate on primary and secondary activities such as agriculture, mining and manufacturing. Zhuhai will also play a dominant role as one of the Pearl River delta's manufacturing hubs, analysts say.

Nichols Pang, managing director of Nomura Research Institute (NRI) Hong Kong, said the whole region would

become increasingly intertwined as the years went by, with Hong Kong continuing to steal the international limelight from its biggest rivals in the area—Shenzhen and Guangzhou. "The financial and infrastructure facilities possessed by Shenzhen are insufficient to compete with Hong Kong," said Mr Pang. "We believe the social infrastructure in either Shenzhen or Guangzhou is not strong enough to lure foreign investors to move to these Chinese cities."

By "social infrastructure", Mr Pang means the educational and vocational training of the work force, and the professional, technical and language skills of prospective employees. Banking and financial services, which are Hong Kong's forte, are very important to foreign investors when choosing location, as underlined by the Hong Kong Government's survey of overseas companies in the territory last year.

Trading companies will continue to be repelled from Central because of excessively high capital values and rentals, leaving cash-rich financial institutions to dominate. Many more companies are likely to shift to Shenzhen to capitalize on lower office and labour costs.

Tony Darwell, research director at Jones Lang Wootton, believes Hong Kong will assume a mantle as China's primary financial centre during the first decade of the 21st century. However, as time progressed, Shanghai would grow in strength and become China's second alternative financial hub, claimed Mr Darwell. Shanghai would complement rather than directly rival Hong Kong, he said.

In Hong Kong, demand for office space is expected to remain strong long after the hand-over, further fuelling capital values. Enterprises providing financial services will gather along the Central-Wan Chai-Causeway Bay axis, NRI predicts. Demand for office space will arise through political considerations, as well as for economic reasons.

"With the ideology of 'one country, two systems', Hong Kong will become China's display window on the global

political scene," said NRI's Mr Pang. "In order to maintain Hong Kong's image as an attractive investment and business centre, China may allow more mainland companies to set up offices in Hong Kong."

Demand for quality office space in Central is expected to get increasingly critical due to a lack of available development land, especially should the proposed Central-Wan Chai reclamation project not go ahead. The face of Wan Chai could also change and become increasingly flooded with mainland corporations. Already, numerous China-based businesses have homed in on the district to be close to the many Beijing-linked bodies housed within the China Resources Building.

The Hong Kong industrial and godown property markets can expect the biggest transformation. Newer industrial properties would continue to do well, attracting high-value operators like printing, packaging and electronics, said property analyst Michael Green, director of S.G. Warburg Securities. Apart from a few capital-intensive Hong Kong manufacturers, most factory operators can be expected to capitalize on cheaper land and mainland labour costs elsewhere in the Pearl River delta region.

## Macao

### Former Macao Governor Cleared of Bribery Charge

OW0508034393 Beijing XINHUA in English 0257 GMT 5 Aug 93

[Text] Lisbon, August 4 (XINHUA)—Former Macao Governor Carlos Melancia was found not guilty on a bribery charge by a court here today which declared that there was no evidence to support the charges against him.

The court began an investigation of the case after Melancia had resigned from his post as governor in 1990. He had been accused of receiving a bribe of 350,000 U.S. dollars in 1988 from a German company bidding for the contract to build Macao's new airport.

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